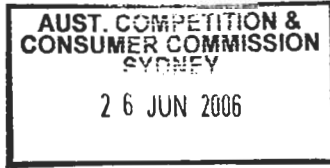


JOHNSON WINTER & SLATTERY
LAWYERS

26 June 2006



Partner: Aldo Nicotra (02) 8274 9536
Email: aldo.nicotra@jws.com.au
Solicitor: Jim Hunwick (02) 8274 9583
Email: jim.hunwick@jws.com.au
Our Ref: 65058
Doc ID: SYD Trans:10082.1

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

FILE No:	/
DOC:	
MARS/PRISM:	

Dear Sir

Third line forcing notifications lodged by BankWest and related companies

We enclose Form G notifications in respect of conduct which may raise issues under the third line forcing provisions of the *Trade Practices Act 1974* (Cth).

The first notification concerns proposed conduct of the Bank of Western Australia Ltd ("**BankWest**"), a provider of financial accommodation, bank accounts, credit cards and other banking services. BankWest is a wholly owned subsidiary of HBOS Australia Pty Ltd, a non-operating holding company licensed by APRA.

The other notifications are related to the first notification and are provided by the following companies who are related to BankWest:

- (a) BOS International (Australia) Ltd;
- (b) Capital Finance Australia Limited;
- (c) HBOS Treasury Services plc;
- (d) St Andrew's Australia Pty Ltd;
- (e) St Andrew's Wealth Management Ltd;
- (f) St Andrew's Life Insurance Pty Ltd.

Australia Square Tower, 264 George Street
Sydney, NSW 2000
Telephone +61 2 8274 9555 ■ Facsimile +61 2 8274 9500
www.jws.com.au

SYDNEY ■ MELBOURNE ■ ADELAIDE

Liability limited by a scheme approved under Professional Standards Legislation

We also enclose a cheque for \$2,200 being the fee for lodgement of each of the above Form Gs.

Please contact Jim Hunwick if you wish to discuss this matter.

Yours faithfully

Johnson Winter & Stetten

FILE No:	
DOC:	
MARS/PRISM:	

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 engaged.

1 (a) Name of person giving notice:

Bank of Western Australia Ltd ACN 050 494 454 ("BankWest").

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

Provision of financial accommodation, bank accounts, credit cards and other banking services.

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

Jim Hunwick
Senior Associate, Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
Sydney NSW 2000

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

The provision of financial accommodation, bank accounts, credit cards and other banking services.

(b) Description of the conduct or proposed conduct

See Attachment A.

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

Persons or other entities obtaining financial accommodation, bank accounts and other banking services from BankWest.

(b) Number of those persons—

(i) At present: 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 Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice

Jim Hunwick
Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
SYDNEY NSW 2000

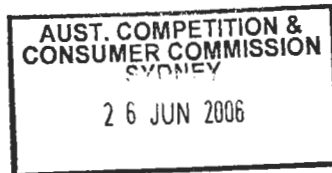
TEL: (02) 8274 9583
Fax: (02) 8274 9500
E-mail: jim.hunwick@jws.com.au

Dated: 26 June 2006

Signed on behalf of the applicant giving notice



.....
JIM HUNWICK
Senior Associate
Johnson Winter & Slattery



ATTACHMENT A

Background

1. BankWest is a wholly owned subsidiary of HBOS Australia Pty Ltd ("**HBOSA**"). HBOSA is currently the only authorised, non-operating bank holding company regulated by APRA under the Banking Act.¹ HBOSA is also an authorised, non-operating holding company regulated by APRA under the Insurance Act.
2. BankWest is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 236872.
3. Other companies within the HBOSA wholly owned corporate group include:
 - (a) BOS International (Australia) Limited ("**BOSIAL**") which is the holder of Australian Financial Services Licence No. 246304;
 - (b) Capital Finance Australia Limited ("**CFAL**");
 - (c) St Andrew's Australia Pty Ltd ("**St Andrew's**") which is an authorised insurer regulated by APRA under the Insurance Act;
 - (d) St Andrew's Life Insurance Pty Limited ("**St Andrew's Life**") which is a registered life insurance company regulated by APRA under the Life Insurance Act;
 - (e) St Andrew's Wealth Management Ltd ("**St Andrew's Wealth Management**"); and
 - (f) BWA Custodians Limited ("**BWAC**").
4. Treasury functions of BankWest, including the raising of finance for BankWest, are performed by HBOS Treasury Services plc ("**HBOSTS**"). HBOSTS is a related company of HBOSA, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life, St Andrew's Wealth Management and BWAC. HBOSTS is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 289411.
5. BOSIAL, CFAL, St Andrew's, St Andrew's Life, St Andrew's Wealth Management, BWAC, other subsidiaries of HBOSA from time to time and HBOSTS are referred to in this attachment as the "**HBOS companies**".

¹HBOSA is authorised under subsection 11AA(2) of the *Banking Act 1959*.
SYD Trans:10858.5

The Proposed Conduct

6. The proposed conduct ("**Proposed Conduct**") involves:
- (a) the provision of a discount, allowance, rebate or credit to customers in relation to the supply or proposed supply by BankWest of financial accommodation (for example, loan facilities), bank accounts, credit cards or other banking services on condition that the customer has acquired, or will acquire, any one or more of the following services from any of the HBOS companies:
 - (i) loan facilities and other financial accommodation (e.g. from BOSIAL and CFAL);
 - (ii) rental, lease or commercial hire purchase arrangements (e.g. from CFAL);
 - (iii) hedging, derivative, foreign exchange and other banking services (from HBOSTS);
 - (iv) an insurance product, for example, mortgage protection, credit card protection, life or income protection insurance (e.g. from St Andrew's or St Andrew's Life); and
 - (v) wealth management services or investment products (e.g. from St Andrew's Wealth Management);
 - (b) making any one or more of the following a condition of the supply by BankWest of financial accommodation to a customer:
 - (i) that the customer (or a related entity of the customer) enter into a loan, rental, lease or commercial hire purchase arrangement with or obtain other financial accommodation from CFAL or its subsidiaries;
 - (ii) that the customer (or a related entity of the customer) enter into hedging, derivative or foreign exchange transaction(s) with or obtain other banking services from HBOSTS;
 - (iii) that the customer (or a related entity of the customer) enter into an insurance arrangement, such as credit insurance, with St Andrew's;
 - (iv) that the customer (or a related entity of the customer) purchase from St Andrew's Life, life insurance, total and permanent disability, income

protection, crisis or trauma cover, key man insurance or such other insurance as is required by BankWest in connection with the financial accommodation provided by BankWest to the customer;

(v) that the customer (or a related entity of the customer) obtain wealth management services or investment products from St Andrew's Wealth Management; and

(vi) that the customer (or a related entity of the customer) appoint BWAC as the security trustee or security agent to hold security granted in connection with the financial accommodation for the benefit of BankWest and any other providers of financial accommodation to the customer.

7. The term "related entity" used in paragraph 6(b) above has the meaning given in the Corporations Act.

Competition Issues – Related Entities

8. As mentioned above, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life, St Andrew's Wealth Management and BWAC are not merely related to each other, they are all wholly owned subsidiaries of HBOSA. Similarly, HBOSTS is a related company of BankWest and the other HBOS companies and it also performs treasury functions of BankWest, BOSIAL and CFAL, including raising debt for those entities.

9. Despite the relationships between these entities, it is possible that the Proposed Conduct might, on a highly technical interpretation, constitute "third line forcing" conduct of the kind described in sub-section 47(6) or sub-section 47(7) of the *Trade Practices Act 1974 (Cth)* (the "Act").

10. It is important to note that if the relevant services were all provided by a single legal entity, the question of "third line forcing" conduct would not arise. The possibility of a breach of the Act only arises because the services are provided by separate but related companies.

Public Benefit/Detriment

11. The Proposed Conduct meets the net public benefit test proscribed in section 93(3A) of the Act. It will be of benefit to the public, as detailed in the paragraphs below, and will not result in any public detriment.

Paragraph 6(a): Offering Discounts, Allowances etc to Customers

12. In the case of the conduct described in paragraph 6(a) above, BankWest will have the flexibility to provide benefit(s) to customers who also acquire services from other HBOS companies in the form of discounts, allowances, rebates or credits. Customers would be free to choose whether or not to take up the offer from BankWest.
13. The proposed conduct will not result in any public detriment. The markets in which customers acquire financial accommodation, bank accounts, credit cards and other banking services are highly competitive, with customers having access to a range of product offerings from various competitors.
14. The Commission has previously allowed an exclusive dealing notification by BankWest in respect of conduct of the nature described in paragraph 6(a) to stand.²

Paragraph 6(b): Conditional Supply

15. In the case of the conduct described in paragraph 6(b) above, BankWest will have the flexibility to offer a streamlined "bundled" package of services, such that a customer will be able to access a range of banking and investment services at a lower price than if the customer acquired these services at their individual prices. This is of ultimate public benefit.
16. BankWest believes that other financial institutions in Australia would have substantially the same conditions to the financial accommodation they provide to their customers – the only difference being that their corporate structure would often allow them to provide each of the different services through the same legal entity. For various historical reasons, BankWest's corporate structure is unique in that HBOSA, BankWest's holding company, is currently the only non-operating bank holding company licensed by APRA, with the result that its business functions are divided amongst separate related legal entities.
17. The paragraph 6(b) conduct will not result in public detriment as the markets in which the conduct will occur are highly competitive. BankWest is merely one of a number of providers of these services, and customers are free to choose between the bundled BankWest / other HBOS company offerings detailed in paragraph 6(b) or to obtain similar services from a competitor or competitors.

² The notice was submitted on 8 February 2006 and the Commission's response is dated 22 February 2006.
SYD Trans:10858.5

Conclusion

18. On the basis that the proposed conduct will only have a minimal impact on competition in the relevant markets, whilst delivering benefits to the public, BankWest submits that the Commission should allow this notification to stand.

FILE No	_____
DOC:	_____
MARS/PRISM:	_____

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 engaged.

1 (a) Name of person giving notice:

BOS International (Australia) Limited ACN 066 601 250 ("**BOSIAL**").

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

Provision of financial accommodation and other financial services.

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

Jim Hunwick
Senior Associate, Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
Sydney NSW 2000

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

The provision of financial accommodation and other financial services.

(b) Description of the conduct or proposed conduct

See Attachment A.

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

Persons or other entities obtaining financial accommodation and other financial services from BOSIAL.

(b) Number of those persons—

(i) At present: 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.

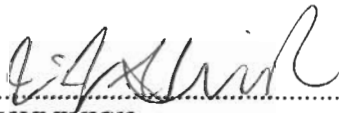
4 Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice

Jim Hunwick
Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
SYDNEY NSW 2000

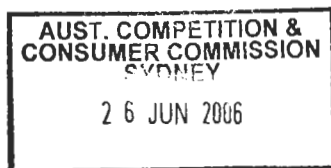
TEL: (02) 8274 9583
Fax: (02) 8274 9500
E-mail: jim.hunwick@jws.com.au

Dated: 26 June 2006

Signed on behalf of the applicant giving notice



.....
JIM HUNWICK
Senior Associate
Johnson Winter & Slattery



ATTACHMENT A

Background

1. BOSIAL is a wholly owned subsidiary of HBOS Australia Pty Ltd ("**HBOSA**"). HBOSA is currently the only authorised, non-operating bank holding company regulated by APRA under the Banking Act.¹ HBOSA is also an authorised, non-operating holding company regulated by APRA under the Insurance Act.
2. BOSIAL is the holder of Australian Financial Services Licence No. 246304.
3. Other companies within the HBOSA wholly owned corporate group include:
 - (a) Bank of Western Australia Ltd ("**BankWest**") which is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 236872;
 - (b) Capital Finance Australia Limited ("**CFAL**");
 - (c) St Andrew's Australia Pty Ltd ("**St Andrew's**") which is an authorised insurer regulated by APRA under the Insurance Act;
 - (d) St Andrew's Life Insurance Pty Limited ("**St Andrew's Life**") which is a registered life insurance company regulated by APRA under the Life Insurance Act;
 - (e) St Andrew's Wealth Management Ltd ("**St Andrew's Wealth Management**"); and
 - (f) BWA Custodians Limited ("**BWAC**").
4. Treasury functions of BOSIAL, including the raising of finance for BOSIAL, are performed by HBOS Treasury Services plc ("**HBOSTS**"). HBOSTS is a related company of HBOSA, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life, St Andrew's Wealth Management and BWAC. HBOSTS is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 289411.
5. BankWest, CFAL, St Andrew's, St Andrew's Life, St Andrew's Wealth Management, BWAC, other subsidiaries of HBOSA from time to time and HBOSTS are referred to in this attachment as the "**HBOS companies**".

¹HBOSA is authorised under subsection 11AA(2) of the *Banking Act 1959*.
SYD Trans:10849.5

The Proposed Conduct

6. The proposed conduct ("**Proposed Conduct**") involves:
- (a) the provision of a discount, allowance, rebate or credit to customers in relation to the supply or proposed supply by BOSIAL of financial accommodation (for example, loan facilities) or other financial services on condition that the customer has acquired, or will acquire, any one or more of the following services from any of the HBOS companies:
 - (i) loan facilities and other financial accommodation (e.g. from BankWest and CFAL);
 - (ii) bank accounts, credit cards or other banking services (e.g. from BankWest);
 - (iii) rental, lease or commercial hire purchase arrangements (e.g. from CFAL);
 - (iv) hedging, derivative, foreign exchange and other banking services (e.g. from HBOSTS);
 - (v) an insurance product, for example, mortgage protection, credit card protection, life or income protection insurance (e.g. from St Andrew's or St Andrew's Life); and
 - (vi) wealth management services or investment products (e.g. from St Andrew's Wealth Management);
 - (b) making any one or more of the following a condition of the supply by BOSIAL of financial accommodation to a customer:
 - (i) that the customer (or a related entity of the customer) obtain a bank account, credit card or other banking service from BankWest;
 - (ii) that the customer (or a related entity of the customer) enter into a loan, rental, lease or commercial hire purchase arrangement with or obtain other financial accommodation from CFAL or its subsidiaries;
 - (iii) that the customer (or a related entity of the customer) enter into hedging, derivative or foreign exchange transaction(s) with or obtain other banking services from HBOSTS;

- (iv) that the customer (or a related entity of the customer) enter into an insurance arrangement, such as credit insurance, with St Andrew's;
- (v) that the customer (or a related entity of the customer) purchase from St Andrew's Life, life insurance, total and permanent disability, income protection, crisis or trauma cover, key man insurance or such other insurance as is required by BOSIAL in connection with the financial accommodation provided by BOSIAL to the customer;
- (vi) that the customer (or a related entity of the customer) obtain wealth management services or investment products from St Andrew's Wealth Management; and
- (vii) that the customer (or a related entity of the customer) appoint BWAC as the security trustee or security agent to hold security granted in connection with the financial accommodation for the benefit of BOSIAL and any other providers of financial accommodation to the customer.

7. The term "related entity" used in paragraph 6(b) above has the meaning given in the Corporations Act.

Competition Issues – Related Entities

8. As mentioned above, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life, St Andrew's Wealth Management and BWAC are not merely related to each other, they are all wholly owned subsidiaries of HBOSA. Similarly, HBOSTS is a related company of BOSIAL and the other HBOS companies and it also performs treasury functions of BankWest, BOSIAL and CFAL, including raising debt for those entities.
9. Despite the relationships between these entities, it is possible that the Proposed Conduct might, on a highly technical interpretation, constitute "third line forcing" conduct of the kind described in sub-section 47(6) or sub-section 47(7) of the *Trade Practices Act 1974* (Cth) (the "Act").
10. It is important to note that if the relevant services were all provided by a single legal entity, the question of "third line forcing" conduct would not arise. The possibility of a breach of the Act only arises because the services are provided by separate but related companies.

Public Benefit/Detriment

11. The Proposed Conduct meets the net public benefit test proscribed in section 93(3A) of the Act. It will be of benefit to the public, as detailed in the paragraphs below, and will not result in any public detriment.

Paragraph 6(a): Offering Discounts, Allowances etc to Customers

12. In the case of the conduct described in paragraph 6(a) above, BOSIAL will have the flexibility to provide benefit(s) to customers who also acquire services from other HBOS companies in the form of discounts, allowances, rebates or credits. Customers would be free to choose whether or not to take up the offer from BOSIAL.
13. The proposed conduct will not result in any public detriment. The markets in which customers acquire financial accommodation and other financial services are highly competitive, with customers having access to a range of product offerings from various competitors.
14. The Commission has previously allowed an exclusive dealing notification by BankWest in respect of conduct similar to that described in paragraph 6(a) to stand.²

Paragraph 6(b): Conditional Supply

15. In the case of the conduct described in paragraph 6(b) above, BOSIAL will have the flexibility to offer a streamlined "bundled" package of services, such that a customer will be able to access a range of financial and investment services at a lower price than if the customer acquired these services at their individual prices. This is of ultimate public benefit.
16. BOSIAL believes that other financial institutions in Australia would have substantially the same conditions to the financial accommodation they provide to their customers – the only difference being that their corporate structure would often allow them to provide many similar services through the same legal entity. For various historical reasons, BOSIAL's corporate structure is unique in that HBOSA, BOSIAL's holding company, is currently the only non-operating bank holding company licensed by APRA, with the result that its business functions are divided amongst separate related legal entities.
17. The paragraph 6(b) conduct will not result in public detriment as the markets in which the conduct will occur are highly competitive. BOSIAL is merely one of a number of providers of these services, and customers are free to choose between the bundled BOSIAL / other HBOS

² The notice was submitted on 8 February 2006 and the Commission's response is dated 22 February 2006.
SYD Trans:10849.5

company offerings detailed in paragraph 6(b) or to obtain similar services from a competitor or competitors.

Conclusion

18. On the basis that the proposed conduct will only have a minimal impact on competition in the relevant markets, whilst delivering benefits to the public, BOSIAL submits that the Commission should allow this notification to stand.

FILE No:
DOC:
MARS/PRISM:

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.

1 (a) Name of person giving notice:

Capital Finance Australia Limited (ACN 069 663 136 ("CFAL").

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

The provision of financial accommodation, including through rental, lease or commercial hire purchase agreements, and other financial services.

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

Jim Hunwick
Senior Associate, Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
Sydney NSW 2000

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

The provision of financial accommodation, including through rental, lease or commercial hire purchase agreements, and other financial services.

(b) Description of the conduct or proposed conduct

See Attachment A.

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

Persons or other entities obtaining financial accommodation, including through rental, lease or commercial hire purchase arrangements and other financial services from CFAL.

(b) Number of those persons—

(i) At present: 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 Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice

Jim Hunwick
Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
SYDNEY NSW 2000

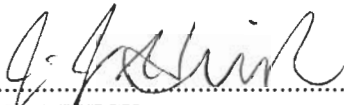
TEL: (02) 8274 9583

Fax: (02) 8274 9500

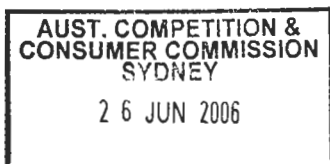
E-mail: jim.hunwick@jws.com.au

Dated: 26 June 2006

Signed on behalf of the applicant giving notice



.....
JIM HUNWICK
Senior Associate
Johnson Winter & Slattery



ATTACHMENT A

Background

1. CFAL is a wholly owned subsidiary of HBOS Australia Pty Ltd ("**HBOSA**"). HBOSA is currently the only authorised, non-operating bank holding company regulated by APRA under the Banking Act.¹ HBOSA is also an authorised, non-operating holding company regulated by APRA under the Insurance Act.
2. Other companies within the HBOSA wholly owned corporate group include:
 - (a) Bank of Western Australia Ltd ("**BankWest**") which is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 236872;
 - (b) BOS International (Australia) Limited ("**BOSIAL**") which is the holder of Australian Financial Services Licence No. 246304;
 - (c) St Andrew's Australia Pty Ltd ("**St Andrew's**") which is an authorised insurer regulated by APRA under the Insurance Act;
 - (d) St Andrew's Life Insurance Pty Limited ("**St Andrew's Life**") which is a registered life insurance company regulated by APRA under the Life Insurance Act;
 - (e) St Andrew's Wealth Management Ltd ("**St Andrew's Wealth Management**"); and
 - (f) BWA Custodians Limited ("**BWAC**").
3. Treasury functions of CFAL, including the raising of finance for CFAL, are performed by HBOS Treasury Services plc ("**HBOSTS**"). HBOSTS is a related company of HBOSA, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life, St Andrew's Wealth Management and BWAC. HBOSTS is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 289411.
4. BankWest, BOSIAL, St Andrew's, St Andrew's Life, St Andrew's Wealth Management, BWAC, other subsidiaries of HBOSA from time to time and HBOSTS are referred to in this attachment as the "**HBOS companies**".

¹HBOSA is authorised under subsection 11AA(2) of the *Banking Act 1959*.
SYD Trans:10851.5

The Proposed Conduct

5. The proposed conduct ("**Proposed Conduct**") involves:
- (a) the provision of a discount, allowance, rebate or credit to customers in relation to the supply or proposed supply by CFAL of financial accommodation, including through rental, lease or commercial hire purchase arrangements or other financial services on condition that the customer has acquired, or will acquire, any one or more of the following services from any of the HBOS companies:
 - (i) loan facilities and other financial accommodation (e.g. from BOSIAL and BankWest);
 - (ii) bank accounts, credit cards or other banking services (e.g. from BankWest);
 - (iii) hedging, derivative, foreign exchange and banking services (e.g. from HBOSTS);
 - (iv) an insurance product, for example, mortgage protection, credit card protection, life insurance or income protection insurance (e.g. from St Andrew's or St Andrew's Life); and
 - (v) wealth management services or investment products (e.g. from St Andrew's Wealth Management);
 - (b) making any one or more of the following a condition of the supply by CFAL of financial accommodation to a customer:
 - (i) that the customer (or a related entity of the customer) obtain a bank account, credit card or other banking service from BankWest;
 - (ii) that the customer (or a related entity of the customer) enter into hedging, derivative or foreign exchange transaction(s) with or obtain banking services from HBOSTS;
 - (iii) that the customer (or a related entity of the customer) enter into an insurance arrangement, such as credit insurance, with St Andrew's;
 - (iv) that the customer (or a related entity of the customer) purchase from St Andrew's Life, life insurance, total and permanent disability, income protection, crisis or trauma cover, key man insurance or such other insurance as

is required by CFAL in connection with the financial accommodation provided by CFAL to the customer; (v) that the customer (or a related entity of the customer) obtain wealth management services or investment products from St Andrew's Wealth Management; and

(vi) that the customer (or a related entity of the customer) appoint BWAC as the security trustee or security agent to hold security granted in connection with the financial accommodation for the benefit of CFAL and any other providers of financial accommodation to the customer.

6. The term "related entity" used in paragraph 5(b) above has the meaning given in the Corporations Act.

Competition Issues – Related Entities

7. As mentioned above, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life, St Andrew's Wealth Management and BWAC are not merely related to each other, they are all wholly owned subsidiaries of HBOSA. Similarly, HBOSTS is a related company of CFAL and the other HBOS companies and it also performs treasury functions of BankWest, BOSIAL and CFAL, including raising debt for those entities.

8. Despite the relationships between these entities, it is possible that the Proposed Conduct might, on a highly technical interpretation, constitute "third line forcing" conduct of the kind described in sub-section 47(6) or sub-section 47(7) of the *Trade Practices Act 1974* (Cth) (the "**Act**").

9. It is important to note that if the relevant services were all provided by a single legal entity, the question of "third line forcing" conduct would not arise. The possibility of a breach of the Act only arises because the services are provided by separate but related companies.

Public Benefit/Detriment

10. The Proposed Conduct meets the net public benefit test proscribed in section 93(3A) of the Act. It will be of benefit to the public, as detailed in the paragraphs below, and will not result in any public detriment.

Paragraph 5(a): Offering Discounts, Allowances etc to Customers

11. In the case of the conduct described in paragraph 5(a) above, CFAL will have the flexibility to provide benefit(s) to customers who also acquire services from other HBOS companies in the form of discounts, allowances, rebates or credits. Customers would be free to choose whether or not to take up the offer from CFAL.
12. The proposed conduct will not result in any public detriment. The markets in which customers acquire financial accommodation, bank accounts, credit cards and other financial services are highly competitive, with customers having access to a range of product offerings from various competitors.
13. The Commission has previously allowed an exclusive dealing notification by BankWest in respect of conduct similar to that described in paragraph 5(a) to stand.²

Paragraph 5(b): Conditional Supply

14. In the case of the conduct described in paragraph 5(b) above, CFAL will have the flexibility to offer a streamlined "bundled" package of services, such that a customer will be able to access a range of financial and investment services at a lower price than if the customer acquired these services at their individual prices. This is of ultimate public benefit.
15. CFAL believes that other financial institutions in Australia would have substantially the same conditions to the financial accommodation they provide to their customers – the only difference being that their corporate structure would often allow them to provide many similar services through the same legal entity. For various historical reasons, CFAL's corporate structure is unique in that HBOSA, CFAL's holding company, is currently the only non-operating bank holding company licensed by APRA, with the result that its business functions are divided amongst separate related legal entities.
16. The paragraph 5(b) conduct will not result in public detriment as the markets in which the conduct will occur are highly competitive. CFAL is merely one of a number of providers of these services, and customers are free to choose between the bundled CFAL / other HBOS company offerings detailed in paragraph 5(b) or to obtain similar services from a competitor or competitors.

² The notice was submitted on 8 February 2006 and the Commission's response is dated 22 February 2006.
SYD Trans:10851.5

Conclusion

17. On the basis that the proposed conduct will only have a minimal impact on competition in the relevant markets, whilst delivering benefits to the public, CFAL submits that the Commission should allow this notification to stand.

FILE No:
DOC:
MARS/PRISM:

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.

1 (a) Name of person giving notice:

HBOS Treasury Services plc ARBN 114 084 434 ("HBOSTS")

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

Provision of derivatives, foreign currency and other banking services.

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

Jim Hunwick
Senior Associate, Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
Sydney NSW 2000

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

The provision of derivatives, foreign currency and other banking services.

(b) Description of the conduct or proposed conduct

See Attachment A.

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

Persons or other entities obtaining derivatives, foreign currency and other banking services from HBOSTS.

(b) Number of those persons—

(i) At present: 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 Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice

Jim Hunwick
Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
SYDNEY NSW 2000

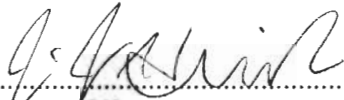
TEL: (02) 8274 9583

Fax: (02) 8274 9500

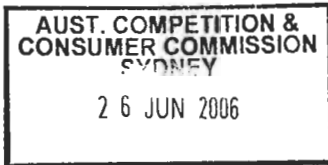
E-mail: jim.hunwick@jws.com.au

Dated: 26 June 2006

Signed on behalf of the applicant giving notice



.....
JIM HUNWICK
Senior Associate
Johnson Winter & Slattery



ATTACHMENT A

Background

1. HBOSTS is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 289411.
2. HBOSTS is a related company of HBOS Australia Pty Ltd ("**HBOSA**"). HBOSA is currently the only authorised, non-operating bank holding company regulated by APRA under the Banking Act.¹ HBOSA is also an authorised, non-operating holding company regulated by APRA under the Insurance Act.
3. There are a number of companies within the HBOSA wholly owned corporate group, including:
 - (a) Bank of Western Australia Ltd ("**BankWest**") which is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 236872;
 - (b) BOS International (Australia) Limited ("**BOSIAL**") which is the holder of Australian Financial Services Licence No. 246304; and
 - (c) Capital Finance Australia Limited ("**CFAL**").
4. Accordingly, HBOSTS is also a related company of BankWest, BOSIAL and CFAL.
5. BankWest, BOSIAL, CFAL and other subsidiaries of HBOSA from time to time and HBOSTS are referred to in this attachment as the "**HBOS companies**".

The Proposed Conduct

6. The proposed conduct ("**Proposed Conduct**") involves:
 - (a) the provision of a discount, allowance, rebate or credit to customers in relation to the supply or proposed supply by HBOSTS of derivatives, foreign exchange, financial accommodation and other banking services, on condition that the customer has acquired, or will acquire, any one or more of the following services from any of the HBOS companies:
 - (i) loan facilities and other financial accommodation (e.g. from BankWest, BOSIAL or CFAL);

¹HBOSA is authorised under subsection 11AA(2) of the *Banking Act 1959*.
SYD Trans:10850.5

- (ii) bank accounts, credit cards or other banking services (e.g. from BankWest);
and
 - (iii) rental, lease or commercial hire purchase arrangements (e.g. from CFAL);
- (b) making any one or more of the following a condition of the supply by HBOSTS of derivatives, foreign exchange, financial accommodation and other banking services to a customer:
- (i) that the customer (or a related entity of the customer) obtain a bank account, credit card or other banking service from BankWest;
 - (ii) that the customer (or a related entity of the customer) enter into a loan, rental, lease or commercial hire purchase arrangement with or obtain other financial accommodation from CFAL or its subsidiaries; and
 - (iii) that the customer (or a related entity of the customer) enter into a loan facility with or obtain other financial accommodation from BOSIAL or BankWest.

7. The term "related entity" used in paragraph 6(b) above has the meaning given in the Corporations Act.

Competition Issues – Related Entities

8. HBOSTS performs treasury functions for BankWest, BOSIAL and CFAL, including raising debt for those entities, and is a related company of BankWest, BOSIAL, CFAL and the other HBOS companies. As mentioned above, BankWest, BOSIAL and CFAL are all wholly owned subsidiaries of HBOSA.
9. Despite the relationships between these entities, it is possible that the Proposed Conduct might, on a highly technical interpretation, constitute "third line forcing" conduct of the kind described in sub-section 47(6) or sub-section 47(7) of the *Trade Practices Act 1974* (Cth) (the "Act").
10. It is important to note that if the relevant services were all provided by a single legal entity, the question of "third line forcing" conduct would not arise. The possibility of a breach of the Act only arises because the services are provided by separate but related companies.

Public Benefit/Detriment

11. The Proposed Conduct meets the net public benefit test proscribed in section 93(3A) of the Act. It will be of benefit to the public, as detailed in the paragraphs below, and will not result in any public detriment.

Paragraph 6(a): Offering Discounts, Allowances etc to Customers

12. In the case of the conduct described in paragraph 6(a) above, HBOSTS will have the flexibility to provide benefit(s) to customers who also acquire services from other HBOS companies in the form of discounts, allowances, rebates or credits, whilst remaining free to choose whether or not to take up the offer.
13. The proposed conduct will not result in any public detriment. The markets in which customers acquire financial accommodation by way of hedging transactions and other banking services are highly competitive, with customers having access to a range of product offerings from various competitors.

Paragraph 6(b): Conditional Supply

14. In the case of the conduct described in paragraph 6(b) above, HBOSTS will have the flexibility to offer a streamlined "bundled" package of services, such that a customer will be able to access a range of banking and investment services at a lower price than if the customer acquired these services at their individual prices. This is of ultimate public benefit.
15. HBOSTS also points out that unlike other banks whose treasury functions are contained within the same legal entity, in the case of BankWest and the other HBOS companies, many of their treasury functions are provided by HBOSTS.
16. The paragraph 6(b) conduct will not result in public detriment as the markets in which the conduct will occur are highly competitive. HBOSTS is merely one of a number of providers of these services, and customers are free to choose between the bundled HBOSTS / other HBOS company offerings detailed in paragraph 6(b) or to obtain similar services from a competitor or competitors.

Conclusion

17. On the basis that the proposed conduct will only have a minimal impact on competition in the relevant markets, whilst delivering benefits to the public, HBOSTS submits that the Commission should allow this notification to stand.

FILE No.
DOC:
MARS/PRIS:

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.

1 (a) Name of person giving notice:

St Andrew's Australia Pty Ltd ACN 105 176 234 ("St Andrew's").

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

Provision of insurance and related services.

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

Jim Hunwick
Senior Associate, Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
Sydney NSW 2000

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

The provision of insurance and related services.

(b) Description of the conduct or proposed conduct

See Attachment A.

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

Persons or other entities obtaining insurance and related services from St Andrew's.

(b) Number of those persons—

(i) At present: 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.

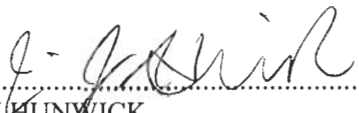
4 Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice

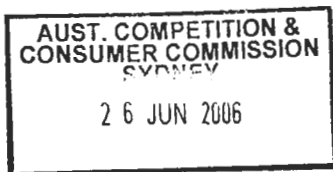
Jim Hunwick
Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
SYDNEY NSW 2000

TEL: (02) 8274 9583
Fax: (02) 8274 9500
E-mail: jim.hunwick@jws.com.au

Dated: 26 June 2006

Signed on behalf of the applicant giving notice


.....
JIM HUNWICK
Senior Associate
Johnson Winter & Slattery



ATTACHMENT A

Background

1. St Andrew's is a wholly owned subsidiary of HBOS Australia Pty Ltd ("**HBOSA**"). HBOSA is currently the only authorised, non-operating bank holding company regulated by APRA under the Banking Act.¹ HBOSA is also an authorised, non-operating holding company regulated by APRA under the Insurance Act.
2. St Andrew's is an authorised insurer regulated by APRA under the Insurance Act.
3. Other companies within the HBOSA wholly owned corporate group include:
 - (a) Bank of Western Australia Ltd ("**BankWest**") which is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 236872;
 - (b) BOS International (Australia) Limited ("**BOSIAL**") which is the holder of Australian Financial Services Licence No. 246304;
 - (c) Capital Finance Australia Limited ("**CFAL**");
 - (d) St Andrew's Life Insurance Pty Limited ("**St Andrew's Life**") which is a registered life insurance company regulated by APRA under the Life Insurance Act; and
 - (e) St Andrew's Wealth Management Ltd ("**St Andrew's Wealth Management**").
4. HBOS Treasury Services plc ("**HBOSTS**") is a related company of HBOSA, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life and St Andrew's Wealth Management. HBOSTS is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 289411 and provides treasury functions for BankWest, BOSIAL and CFAL.
5. BankWest, BOSIAL, CFAL, St Andrew's Life, St Andrew's Wealth Management, other subsidiaries of HBOSA from time to time and HBOSTS are referred to in this attachment as the "**HBOS companies**".

¹HBOSA is authorised under subsection 11AA(2) of the *Banking Act 1959*.
SYD Trans:10743.7

The Proposed Conduct

6. The proposed conduct ("**Proposed Conduct**") involves the provision of a discount, allowance, rebate or credit to customers in relation to the supply or proposed supply by St Andrew's of insurance or related services on condition that the customer has acquired, or will acquire, any one or more of the following services from any of the HBOS companies:
 - (a) loan facilities and other financial accommodation (e.g. from BOSIAL, BankWest and CFAL);
 - (b) bank accounts, credit card or other banking services (e.g. from BankWest);
 - (c) rental, lease or commercial hire purchase arrangements (e.g. from CFAL and its subsidiaries);
 - (d) hedging, derivative, foreign exchange and other banking services (e.g. from HBOSTS);
 - (e) insurance and related services (e.g. from St Andrew's Life); and
 - (f) wealth management services and investment products (e.g., from St Andrew's Wealth Management).

Competition Issues – Related Entities

7. As mentioned above, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life and St Andrew's Wealth Management are not merely related to each other, they are all wholly owned subsidiaries of HBOSA. Similarly, HBOSTS is a related company of St Andrew's and the other HBOS companies and it also performs treasury functions of BankWest, BOSIAL and CFAL, including raising debt for those entities.
8. Despite the relationships between these entities, it is possible that the Proposed Conduct might, on a highly technical interpretation, constitute "third line forcing" conduct of the kind described in sub-section 47(6) or sub-section 47(7) of the *Trade Practices Act 1974* (Cth) (the "**Act**").
9. St Andrew's also notes that there are past examples of the Commission having allowed exclusive dealing notifications by wholly owned insurance subsidiaries of banks in respect of the offering of pricing advantages to customers who obtain services from both the insurance subsidiary and the bank.

Public Benefit/Detriment

10. The Proposed Conduct meets the net public benefit test proscribed in section 93(3A) of the Act. It will be of benefit to the public, as detailed in the paragraphs below, and will not result in any public detriment.
11. In the case of the conduct described in paragraph 6 above, St Andrew's will have the flexibility to provide benefit(s) to customers who also acquire services from other HBOS companies in the form of discounts, allowances, rebates or credits. Customers would be free to choose whether or not to take up the offer from St Andrew's.
12. The proposed conduct will not result in any public detriment. The markets in which customers acquire insurance, wealth management services and investment products, financial accommodation, bank accounts, credit cards and other banking services are highly competitive, with customers having access to a range of product offerings from various competitors.
13. The Commission has previously allowed an exclusive dealing notification by BankWest in respect of conduct of the nature described in paragraph 6 to stand.²

Conclusion

14. On the basis that the proposed conduct will only have a minimal impact on competition in the relevant markets, whilst delivering benefits to the public, St Andrew's submits that the Commission should allow this notification to stand.

² The notice was submitted on 8 February 2006 and the Commission's response is dated 22 February 2006.
SYD Trans:10743.7

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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.

1 (a) Name of person giving notice:

St Andrew's Wealth Management Ltd ACN 097 084 878 ("St Andrew's Wealth Management").

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

Provision of wealth management services and investment products.

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

Jim Hunwick
Senior Associate, Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
Sydney NSW 2000

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

The provision of wealth management services and investment products.

(b) Description of the conduct or proposed conduct

See Attachment A.

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

Persons or other entities obtaining wealth management services and investment products from St Andrew's Wealth Management.

(b) Number of those persons—

(i) **At present:** 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 Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice

Jim Hunwick
Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
SYDNEY NSW 2000

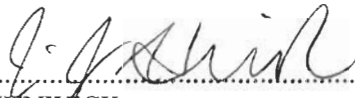
TEL: (02) 8274 9583

Fax: (02) 8274 9500

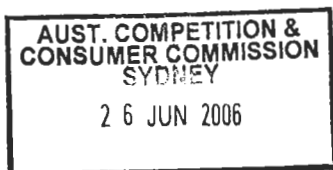
E-mail: jim.hunwick@jws.com.au

Dated: 26 June 2006

Signed on behalf of the applicant giving notice



.....
JIM HUNWICK
Senior Associate
Johnson Winter & Slattery



ATTACHMENT A

Background

1. St Andrew's Wealth Management is a wholly owned subsidiary of HBOS Australia Pty Ltd ("**HBOSA**"). HBOSA is currently the only authorised, non-operating bank holding company regulated by APRA under the Banking Act.¹ HBOSA is also an authorised, non-operating holding company regulated by APRA under the Insurance Act.
2. Other companies within the HBOSA wholly owned corporate group include:
 - (a) Bank of Western Australia Ltd ("**BankWest**") which is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 236872;
 - (b) BOS International (Australia) Limited ("**BOSIAL**") which is the holder of Australian Financial Services Licence No. 246304;
 - (c) Capital Finance Australia Limited ("**CFAL**");
 - (d) St Andrew's Life Insurance Pty Limited ("**St Andrew's Life**") which is a registered life insurance company regulated by APRA under the Life Insurance Act; and
 - (e) St Andrew's Australia Pty Ltd ("**St Andrew's**").
3. HBOS Treasury Services plc ("**HBOSTS**") is a related company of HBOSA, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life and St Andrew's Wealth Management. HBOSTS is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 289411 and provides treasury functions for BankWest, BOSIAL and CFAL.
4. BankWest, BOSIAL, CFAL, St Andrew's Life, St Andrew's, other subsidiaries of HBOSA from time to time and HBOSTS are referred to in this attachment as the "**HBOS companies**".

The Proposed Conduct

5. The proposed conduct ("**Proposed Conduct**") involves the provision of a discount, allowance, rebate or credit to customers in relation to the supply or proposed supply by St Andrew's Wealth Management of wealth management services or investment products on condition that

¹HBOSA is authorised under subsection 11AA(2) of the *Banking Act 1959*.
SYD Trans:11040.3

the customer has acquired, or will acquire, any one or more of the following services from any of the HBOS companies:

- (a) loan facilities and other financial accommodation (e.g. from BOSIAL, BankWest and CFAL);
- (b) bank accounts, credit card or other banking services (e.g. from BankWest);
- (c) rental, lease or commercial hire purchase arrangements (e.g. from CFAL and its subsidiaries);
- (d) hedging, derivative, foreign exchange and other banking services (e.g. from HBOSTS);
and
- (e) insurance and related services (e.g. from St Andrew's Life or St Andrew's).

Competition Issues – Related Entities

- 6. As mentioned above, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life and St Andrew's Wealth Management are not merely related to each other, they are all wholly owned subsidiaries of HBOSA. Similarly, HBOSTS is a related company of St Andrew's Wealth Management and the other HBOS companies and it also performs treasury functions of BankWest, BOSIAL and CFAL, including raising debt for those entities.
- 7. Despite the relationships between these entities, it is possible that the Proposed Conduct might, on a highly technical interpretation, constitute "third line forcing" conduct of the kind described in sub-section 47(6) or sub-section 47(7) of the Trade Practices Act 1974 (Cth) (the "Act").

Public Benefit/Detriment

- 8. The Proposed Conduct meets the net public benefit test proscribed in section 93(3A) of the Act. It will be of benefit to the public, as detailed in the paragraphs below, and will not result in any public detriment.
- 9. In the case of the conduct described in paragraph 6 above, St Andrew's Wealth Management will have the flexibility to provide benefit(s) to customers who also acquire services from other HBOS companies in the form of discounts, allowances, rebates or credits. Customers would be free to choose whether or not to take up the offer from St Andrew's Wealth Management.
- 10. The proposed conduct will not result in any public detriment. The markets in which customers acquire insurance, wealth management services and investment products, financial

accommodation, bank accounts, credit cards and other banking services are highly competitive, with customers having access to a range of product offerings from various competitors.

11. The Commission has previously allowed an exclusive dealing notification by BankWest in respect of conduct of the nature described in paragraph 6 to stand.²

Conclusion

12. On the basis that the proposed conduct will only have a minimal impact on competition in the relevant markets, whilst delivering benefits to the public, St Andrew's Wealth Management submits that the Commission should allow this notification to stand.

² The notice was submitted on 8 February 2006 and the Commission's response is dated 22 February 2006.
SYD Trans:11040.3

FILE No:	
DOC:	
MARS/PRISM:	

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 engaged.

1 (a) Name of person giving notice:

St Andrew's Life Insurance Pty Ltd ACN 105 176 243 ("St Andrew's Life").

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

Provision of insurance and related services.

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

Jim Hunwick
Senior Associate, Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
Sydney NSW 2000

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

The provision of insurance and related services.

(b) Description of the conduct or proposed conduct

See Attachment A.

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

Persons or other entities obtaining insurance and related services from St Andrew's Life.

(b) Number of those persons—

(i) At present: 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 Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice

Jim Hunwick
Johnson Winter & Slattery
Level 30 Australia Square
264 George Street
SYDNEY NSW 2000

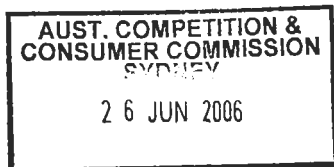
TEL: (02) 8274 9583
Fax: (02) 8274 9500
E-mail: jim.hunwick@jws.com.au

Dated: 26 June 2006

Signed on behalf of the applicant giving notice


.....

JIM HUNWICK
Senior Associate
Johnson Winter & Slattery



ATTACHMENT A

Background

1. St Andrew's Life is a wholly owned subsidiary of HBOS Australia Pty Ltd ("**HBOSA**"). HBOSA is currently the only authorised, non-operating bank holding company regulated by APRA under the Banking Act.¹ HBOSA is also an authorised, non-operating holding company regulated by APRA under the Insurance Act.
2. St Andrew's Life is a registered life insurance company regulated by APRA under the Life Insurance Act.
3. Other companies within the HBOSA wholly owned corporate group include:
 - (a) Bank of Western Australia Ltd ("**BankWest**") which is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 236872;
 - (b) BOS International (Australia) Limited ("**BOSIAL**") which is the holder of Australian Financial Services Licence No. 246304;
 - (c) Capital Finance Australia Limited ("**CFAL**");
 - (d) St Andrew's Australia Pty Limited ("**St Andrew's**") which is an authorised insurer regulated by APRA under the Insurance Act; and
 - (e) St Andrew's Wealth Management Ltd ("**St Andrew's Wealth Management**").
4. HBOS Treasury Services plc ("**HBOSTS**") is a related company of HBOSA, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life and St Andrew's Wealth Management. HBOSTS is an authorised deposit-taking institution regulated by APRA under the Banking Act and is the holder of Australian Financial Services Licence No. 289411 and provides treasury functions for BankWest, BOSIAL and CFAL.
5. BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Wealth Management, other subsidiaries of HBOSA from time to time and HBOSTS are referred to in this attachment as the "**HBOS companies**".

¹HBOSA is authorised under subsection 11AA(2) of the *Banking Act 1959*.
SYD Trans:10905.4

The Proposed Conduct

6. The proposed conduct ("**Proposed Conduct**") involves the provision of a discount, allowance, rebate or credit to customers in relation to the supply or proposed supply by St Andrew's Life of insurance or related services on condition that the customer has acquired, or will acquire, any one or more of the following services from any of the HBOS companies:
 - (a) loan facilities and other financial accommodation (e.g. from BOSIAL, BankWest and CFAL);
 - (b) bank accounts, credit card or other banking services (e.g. from BankWest);
 - (c) rental, lease or commercial hire purchase arrangements (e.g. from CFAL);
 - (d) hedging, derivative, foreign exchange and other banking services (e.g. from HBOSTS);
 - (e) insurance and related services (e.g. from St Andrew's); and
 - (f) wealth management services and investment products (e.g., from St Andrew's Wealth Management).

Competition Issues – Related Entities

7. As mentioned above, BankWest, BOSIAL, CFAL, St Andrew's, St Andrew's Life and St Andrew's Wealth Management are not merely related to each other, they are all wholly owned subsidiaries of HBOSA. Similarly, HBOSTS is a related company of St Andrew's Life and the other HBOS companies and it also performs treasury functions of BankWest, BOSIAL and CFAL, including raising debt for those entities.
8. Despite the relationships between these entities, it is possible that the Proposed Conduct might, on a highly technical interpretation, constitute "third line forcing" conduct of the kind described in sub-section 47(6) or sub-section 47(7) of the *Trade Practices Act 1974* (Cth) (the "**Act**").
9. St Andrew's Life also notes that there are past examples of the Commission having allowed exclusive dealing notifications by wholly owned insurance subsidiaries of banks in respect of the offering of pricing advantages to customers who obtain services from both the insurance subsidiary and the bank.

Public Benefit/Detriment

10. The Proposed Conduct meets the net public benefit test proscribed in section 93(3A) of the Act. It will be of benefit to the public, as detailed in the paragraphs below, and will not result in any public detriment.
11. In the case of the conduct described in paragraph 6 above, St Andrew's Life will have the flexibility to provide benefit(s) to customers who also acquire services from other HBOS companies in the form of discounts, allowances, rebates or credits. Customers would be free to choose whether or not to take up the offer from St Andrew's Life.
12. The proposed conduct will not result in any public detriment. The markets in which customers acquire insurance, wealth management services and investment products, financial accommodation, bank accounts, credit cards and other banking services are highly competitive, with customers having access to a range of product offerings from various competitors.
13. The Commission has previously allowed an exclusive dealing notification by BankWest in respect of conduct of the nature described in paragraph 6 to stand.²

Conclusion

14. On the basis that the proposed conduct will only have a minimal impact on competition in the relevant markets, whilst delivering benefits to the public, St Andrew's Life submits that the Commission should allow this notification to stand.

² The notice was submitted on 8 February 2006 and the Commission's response is dated 22 February 2006.
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