

22 DEC 2006

BLAKE DAWSON WALDRON

L A W Y E R S

Level 36
Grosvenor Place
225 George Street
Sydney NSW 2000

www.bdw.com

Tel + 61 2 9258 6000
Fax + 61 2 9258 6999

DX 355 Sydney

Locked Bag N6
Sydney NSW 1225
Australia

Partner

Peter Armitage
Telephone (02) 9258 6119

Contact

Amanda Taggart
Telephone (02) 9258 5696

Our reference

PJA.AJT.02-1383-8501

22 December 2006

Mr Scott Gregson
General Manager
Adjudication Branch
ACCC
Level 7
123 Pitt Street
SYDNEY NSW 2000

Dear Mr Gregson

Form G Notifications of Exclusive Dealing Conduct

We act for Visa International Service Association.

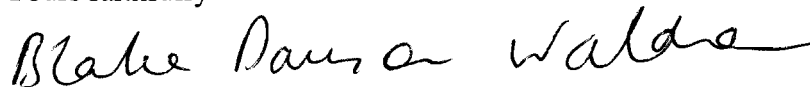
We enclose a form G Notification of Third Line Forcing Conduct on behalf of the following entities:

- (a) Visa International Service Association; and
- (b) Quickflix Limited.

We also enclose two cheques in the amount of \$1,000.00 each, comprising filing fees for Visa International (\$1000.00) and Quickflix Limited (\$1000).

If you have any queries, please do not hesitate to contact Peter Armitage on (02) 9258 6119 or Amanda Taggart on (02) 9258 5696.

Yours faithfully



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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-sections 47(6) and (7) of that Act in which the person giving notice proposes to engage.

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

(i) Quickflix Ltd (**Quickflix**) N92751

(ii) Visa International Service Association (**VISA**) N92752

(b) **Short description of businesses carried on by those persons:**

(i) **Quickflix**

Quickflix is an online provider for both the rental and purchase of DVDs across Australia.

(ii) **VISA**

VISA is an association of financial institutions which operates a world-wide payment system in which member financial institutions offer a wide range of card-based and non-card-based payment products and services to consumers and other entities, and payment acceptance capabilities to merchants, all of which utilise VISA payment processing systems.

(c) **Address in Australia for service of documents on those persons:**

c/o – Peter Armitage
Partner
Blake Dawson Waldron
Level 35
225 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:**

Quickflix will make a number of offers to individuals who are holders of a payment card (either a debit card or a credit card) (**Cardholders**) bearing the VISA acceptance mark (**VISA Card**). Cardholders wishing to take advantage of the offers must use their VISA Card. The offers currently contemplated are:

- (i) Obtain a \$20 bonus towards a DVD subscription or purchase when subscribing to the Quickflix service for a minimum of one month via a VISA-hosted website and paying for the subscription using a VISA Card. This offer will be available from on or around 5/1/07 to on or around 1/03/2007;
- (ii) Obtain 2 free Hoyts movie tickets when subscribing to the Quickflix service for a minimum of one month via a VISA-hosted website and paying for the subscription using a VISA Card. This offer will be available from on or around 5/1/07 to on or around 1/03/2007;
- (iii) Other similar offers of the Quickflix service including:
 - free merchandise (such as a DVD) when subscribing to the Quickflix service for a minimum time period and paying using a VISA Card;
 - entry into a free prize draw when subscribing to the Quickflix service for a minimum time period and paying using a VISA Card;
 - discounts when subscribing to the Quickflix service for a minimum time period and paying using a VISA Card; and
 - discounts when purchasing DVDs through the Quickflix service and paying using a VISA Card.

For convenience, the offers specified in sub-paragraphs (i) to (iii) (inclusive) above are hereafter referred to as the **Quickflix Offers**.

Background

Quickflix and VISA have established a marketing relationship in Australia to jointly promote the Quickflix Offers, to provide benefits to consumers holding VISA Cards.

Proposed conduct

Under this arrangement, VISA will enter into an arrangement with Quickflix whereby VISA Cardholders have the opportunity to take advantage of the Quickflix Offers by purchasing the relevant products or services using their VISA Card.

Access to the Quickflix Offers will usually be via a VISA-hosted website or the Quickflix website on condition that the Cardholder pays for the Quickflix Offers using his or her VISA Card. The purchase price of the products or services will be debited by the member financial institution that issued the relevant card to the Cardholder's account with that financial institution.

There are about 7.5million VISA credit cards on issue in Australia. 4.2million individuals in Australia hold VISA branded debit cards.

The proposed Quickflix offers may constitute third line forcing pursuant to sections 47(6) and/or 47(7) of the *Trade Practices Act* (Cth). This is because it may be

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argued that the Quickflix Offers will only be available to consumers if the consumers acquire the payment services of VISA.

(c) **Effects of the proposed conduct**

The effect of any third line forcing will be insignificant for the following reasons:

- (i) 7.5 million individuals in Australia hold a VISA credit card and 4.2 million individuals in Australia hold a VISA debit card. The proposed conduct will provide these VISA Cardholders with a benefit if they choose to take advantage of the Quickflix Offers;
- (ii) Each Quickflix Offer is expected to run for a relatively short period of time;
- (iii) The general public not holding VISA Cards will continue to have access to Quickflix movie rental subscriptions and will not be precluded from subscribing by reason of any of the Quickflix Offers;
- (iv) Quickflix is free to offer similar discounts and offers through different channels (for example online); and
- (v) The general public (whether holding VISA Cards or not) will continue to have access to a wide range of DVD rental and purchase options, both online and in stores.

(d) **Benefits of the proposed conduct:**

The proposed Quickflix Offers will provide VISA Cardholders, who are not an insubstantial percentage of the public and a high proportion of Cardholders generally, with free DVDs, bonus offers and discounts on various Quickflix products and services when purchased with their VISA Card.

Quickflix experiences strong competition from a range of online and retail providers of DVDs and as a result there is unlikely to be any detriment to consumers as a result of the Quickflix Offers.

For the reasons above, there is no detriment to the public as a result of the proposed conduct. Any minimal detriment is substantially outweighed by the public benefits outlined above.

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

VISA Cardholders.

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

(i) **At present time:**

7.5 million cardholders hold a VISA credit card. When added to the number of VISA debit card holders, there are approximately 12 million VISA Cards on issue in Australia.

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(ii) Estimated within the next year:

The number of VISA Cardholders is estimated to grow by 6.9% in the next year.

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

Not applicable.

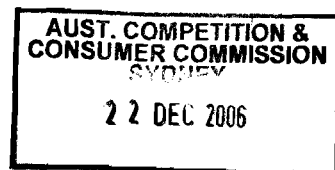
4. Name and address of persons authorised by the person giving this notice to provide additional information in relation to this notice

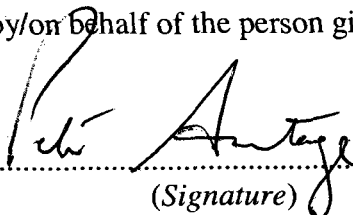
Peter Armitage
Partner
Blake Dawson Waldron
Level 35
225 George Street
SYDNEY NSW 2000

Telephone: (02) 9258 6119
Facsimile: (02) 9258 6999
Email: peter.armitage@bdw.com

Dated: 22/12/06

Signed by/on behalf of the person giving this notice




(Signature)

Peter James Armitage
(Full Name)

Partner, Blake Dawson Waldron
(Description)