

AUST COMPETITION &
CONSUMER COMMISSION
BRISBANE

18 APR 2007

 **TressCox**
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Our ref: DDL:62213

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18 April 2007

HAND DELIVERY

General Manager
Adjudication Branch
Australian Competition & Consumer Commission
3rd Floor
500 Queen Street
BRISBANE QLD 4000

Contact
Frederika De Wilde
(07) 3004 3529

Partner
David Lyons
(07) 3004 3508

Dear Sir

Suncorp-Metway Limited - Notification of Exclusive Dealing

We act for Suncorp-Metway Limited.

We **enclose** a Notification of Exclusive Dealing (Form G) in respect of conduct which may fall within the scope of the exclusive dealing provisions of the *Trade Practices Act 1974 (Cth)*.

We also **enclose** a cheque in the amount of \$100.00 being the lodgement fee.

If you require any further information in relation to this Notification, please do not hesitate to contact David Lyons on (07) 3004 3508.

Yours faithfully

TressCox



David Lyons

Email: david_lyons@tresscox.com.au

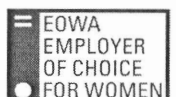
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Form G

Commonwealth of Australia
Trade Practices Act 1974 --- Sub-section 93(1)
NOTIFICATION OF EXCLUSIVE DEALING

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 subsections 47(2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

1. Applicant

(a) Name of person giving notice:

N92889

Suncorp-Metway Limited ABN 66 010 831 772

(the "Applicant")

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

The Applicant is a member of the Suncorp Group (the "Group").

The Group is a conglomerate financial services provider offering a range of banking, financial, investment, superannuation and insurance products.

The business carried out by the Applicant is the provision of banking and financial services.

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

C/- David Lyons
Partner
TressCox Lawyers
Level 39
Central Plaza One
345 Queen Street
BRISBANE QLD 4000

2. Notified Arrangement

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

The Applicant is bringing together two existing products, Suncorp Margin Lending issued by the Applicant and Suncorp Share Trade branded in the Applicant's name but issued by JDV Limited ABN 67 009 136 029 ("JDV Limited"), to form Suncorp Margin Trader ("Margin Trader").

"Suncorp Margin Lending" is a product issued and offered by the Applicant (either as part of Margin Trader or separately) from time to time to provide financial accommodation to assist a person in the acquisition of shares in accordance with certain margin lending terms and conditions and other incidental and/or supplementary terms.

"Suncorp Share Trade" is a product issued and offered by JDV Limited (either as part of Margin Trader or separately) from time to time to provide brokerage services in accordance with certain and separate share trade terms and conditions and other incidental and/or supplementary terms and conditions.

(b) Description of the conduct or proposed conduct:

The Applicant and JDV Limited will continue to issue Suncorp Margin Lending and Suncorp Share Trade independently as stand alone products and as separate products under Margin Trader. Therefore, a customer will be able to apply for Suncorp Margin Lending or Suncorp Share Trade or for Suncorp Margin Lending and Suncorp Share Trade through Margin Trader. While Suncorp Margin Lending and Suncorp Share Trade will be issued and provided as separate products under Margin Trader, one of the features of Margin Trader is that the application for each product will be completed via one Margin Trader application form to make it easier to apply for Margin Trader. Another feature of Margin Trader is that it will provide customers with the ability to use funds from their Suncorp Margin Loan to trade online using JDV Limited as their broker.

Customers of Margin Trader will not be limited to only using Suncorp Share Trade to purchase and settle trades of securities to their Suncorp Margin Loan account.

Customers can purchase securities via another broker or share trading service and still settle the transaction to their Suncorp Margin Loan account. However, if they do not use JDV Limited as the broker, they will not receive the benefit of rebated Internet Share Trading/Brokerage Fees. Customers will however still receive the benefit of a

lower interest rate as their loan balance reaches certain thresholds and other benefits of Margin Trader (provided they meet the terms and conditions of Margin Trader).

Where a customer signs up for Suncorp Margin Lending and Suncorp Share Trade through Margin Trader, the Applicant proposes:

- (i) to pay, for and on behalf of any customer who complies with certain terms and conditions, in particular, on the condition that the customer uses JDV Limited as its broker in any online share trades, full or part of the brokerage fees payable to JDV Limited under the terms and conditions of Margin Trader (via a rebate back to the customer's Suncorp Margin Loan account); or
- (ii) not to pay for and on behalf of any customer, who does not comply with certain terms and conditions, in particular, the customer does not use JDV Limited as its broker in online share trades, the brokerage fees payable under the terms and conditions of Margin Trader.

The Margin Trader terms and conditions are subject to change over time.

3. Persons, or classes of persons, affected or likely to be affected by the notified conduct

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

Persons acquiring Margin Trader.

(b) Number of those persons:

(i) At present time:

New Product and therefore no existing customers.

(ii) Estimated within the next year:

Estimated take-up of 2,500 customers in the next 12 months.

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

Not applicable.

4. Public benefit claims

(a) Arguments in support of notification:

Customers acquiring Suncorp Margin Lending and Suncorp Share Trade through Margin Trader will enjoy the benefit of using the funds from their Margin Loan account to undertake their own online share trades through Suncorp Share Trade. Further, provided customers comply with the terms and conditions of Margin Trader they will be able to receive a rebate of certain Internet Share Trading/Brokerage fees payable to JDV Limited as the Applicant will rebate such fees for and on behalf of a customer to their Suncorp Margin Trader Loan account.

The proposed conduct will be of benefit to the public as it will:

- (i) provide a rebate of certain brokerage fees to customers who may otherwise have to pay for all internet share trade transactions;
- (ii) provide financial accommodation to acquire shares at reduced interest rates to the Applicant's standard margin lending interest rates;
- (iii) allow customers to leverage their funds more freely and in a manner controlled by them; and
- (iv) promote competition in the relevant markets by encouraging competitors to offer similar products.

The proposed conduct will not lessen competition in the relevant markets as:

- (i) competition in the relevant margin lending and share trade markets is vigorous and there are many competitors who are able to provide the relevant products;
- (ii) the Applicant does not have substantial market power in any of the relevant markets;
- (iii) consumers can choose to obtain a margin loan from any other provider in the market in the same manner that they can obtain share trade services; and
- (iv) the number of consumers potentially affected by the proposed conduct will not be significant compared to the total number of customers who acquire Suncorp Margin Lending and Suncorp Share Trade through Margin Trader.

In summary, the Applicant does not believe there is a consumer detriment associated with the proposed conduct. No consumers are obliged to take up the product but should they wish to they will receive certain benefits (such as rebated brokerage fees). The relevant markets remain highly competitive.

(b) Facts and evidence relied upon in support of these claims:

As above.

5. Market definition

Provide a description of the market(s) in which the goods or services described at 2(a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):

The proposed conduct will take place within the Australian retail finance and broking services markets. The relevant sectors within these markets include personal finance and investment and broking services through margin lending and share trade services. Within these markets, Suncorp Margin Lending and Suncorp Share Trade through Margin Trader are designed for use by retail customers who are experienced investors.

The Applicant does not believe the markets are likely to be adversely affected since Margin Trader brings together two existing products, Suncorp Margin Lending and Suncorp Share Trade to provide benefits to a consumer. There are a number of competitors in the margin lending and share trade areas of the Australian retail finance and broking services markets. The Applicant's competitors remain free to offer their existing products or to bring together margin lending and share trade products in the same manner the Applicant is, at any time.

6. Public detriments

(a) Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2(a) above and the prices of goods or services in other affected markets:

It is in the Applicant's view that there will be no public detriments resulting or likely to result from the notification.

(b) Facts and evidence relevant to these detriments:

Not Applicable.

7. Further information

(a) Name and address of person authorised by the person giving this notice to provide additional information in relation to this notification:

David Lyons
Partner
TressCox Lawyers
Level 39, Central Plaza One
BRISBANE QLD 4000

18 April 2007
Dated:

Signed ~~by~~ on behalf of the applicant

[Handwritten Signature]
.....

(Signature)

DAVID DANIEL LYONS
.....

(Full Name)

TRESSCOX LAWYERS
.....

(Organisation)

PARTNER AND SOLICITOR FOR THE APPLICANT
.....

(Position in Organisation)