

FILE No	
DATE	
BY	

24 July 2008

Richard Chadwick
General Manager, Adjudication
Australian Competition and Consumer Commission
23 Marcus Clarke Street
Canberra ACT 2601

Dear Mr Chadwick

Notification of exclusive dealing

Please find enclosed our Form G, Notification of Exclusive Dealing in respect of our Managed Discretionary Account Service.

Please let me know if you require any further information relating to our submission, my contact details are:

Jennifer McDermott
Manager, Administration Services
PO Box R1851
ROYAL EXCHANGE NSW 1225

Direct Telephone 02 9250 6539

Email: jennifer.mcdermott@centricwealth.com.au

Yours sincerely



Jennifer McDermott
Manager, Administration Services
Centric Wealth Ltd

Form G

Commonwealth of Australia
Trade Practices Act 1974 — subsection 93 (1)

NOTIFICATION OF EXCLUSIVE DEALING

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93 (1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to 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.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1. Applicant

(a) Name of person giving notice:

N93520 Individual Portfolio Managers Pty Limited ("IPM") ABN 69 081 680 033.

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

IPM is a specialist provider to retail clients of a managed discretionary account service ("MDA Service"). In general terms, an MDA Service is an arrangement under which a person (an MDA operator) manages a portfolio of financial products (which may include shares and units in managed investment schemes) for a retail client on an individual basis.

IPM is a wholly owned subsidiary of Centric Wealth Ltd (ABN 69 100 375 237).

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

C/- Jason Holt
Manager, Legal and Compliance
Individual Portfolio Managers Pty Limited
Level 2
7 Macquarie Place
Loftus Street, Sydney NSW 2000

2. Notified arrangement

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

This notification relates to the MDA Service offered by IPM and a financial product known as an "Investor Directed Portfolio Service" ("IDPS") to be offered to IPM's retail clients by Avanteos Investments Limited (ABN 20 096 259 979) ("Avanteos"). Avanteos is owned by the Commonwealth Bank of Australia.

An IDPS is a regulated financial product that allows clients (either directly or through a financial adviser) to achieve a diversified investment portfolio in a single facility by providing access to a range of flexible investment options, as well as providing administration, custody and reporting services to allow financial advisers and their clients to manage, review and value their investment portfolios on a regular basis, in this case, through a secure website.

Historically, IPM has supplied an MDA Service/custody package to its retail clients, in respect of which the custody component has been supplied to IPM under contract with a third party. Following a review of its business structure and change of ownership, IPM wishes to restructure the arrangements so that its retail clients enter into direct arrangements for the supply of custody and reporting services from Avanteos, using the Avanteos IDPS.

The IDPS will be offered to retail clients in a badged format, under the name of "encircle Managed Investment Accounts". The IDPS guide (under which the encircle Managed Investment Accounts IDPS service is offered to retail clients) will indicate that the service is offered by Avanteos through Centric Administration Services and Centric Wealth Advisers Ltd.

(b) Description of the conduct or proposed conduct:

IPM proposes to only offer the MDA Service to retail clients who agree to use the Avanteos IDPS.

IPM proposes to refuse to offer and supply the MDA Service to retail clients who do not agree to use the Avanteos IDPS.

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:

Existing and potential IPM clients, including those sourced from within the Centric Wealth Group businesses.

(b) Number of those persons:

(i) At present time:

Estimated at 250

(ii) Estimated within the next year:

Estimated at 750

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

N/A

4. Public benefit claims

(a) Arguments in support of notification:

The proposed conduct will be of benefit to the public, including current and future IPM retail clients, and these benefits will outweigh any possible detriment considered to arise from the conduct. The proposed conduct will also not substantially lessen competition in any market.

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

The proposed conduct will be of benefit to the public, because:

- the Avanteos IDPS is widely regarded as one of the best overall IDPSs in the industry;
- it will provide retail clients with new opportunities to invest in a leading, secure and established financial product platform;
- it will allow IPM to discharge its reporting obligations cost effectively and provide higher quality services to retail investors on a cost effective basis;
- it will allow retail investors to access enhanced administration and support services and to access efficient technology and techniques, which in turn may result in cost efficiencies and therefore reduce the costs of delivering services to customers; and
- it will stimulate competition in retail investment markets as other competitors strive to match or better the offering.
- The proposed conduct will not substantially lessen competition in any market because:
 - retail financial services markets, and in particular retail investment and wealth management markets, are intensely competitive. They are characterised by many financial service providers, fund managers, financial advisers and wrap and IDPS providers, along with high rates of technological innovation and new product development;
 - neither IPM nor Avanteos have a substantial degree of market power in any relevant market. The parties compete vigorously with many other financial service providers including retail banks, investment banks, specialist financial service firms and specialist wrap providers.
 - Avanteos will continue to offer an IDPS to retail customers who do not wish to acquire an MDA Service from IPM;
 - The proposed conduct will not create any barriers for the parties' competitors. The parties' competitors are free to make arrangements with other financial service providers to offer badged products in competition with IPM and Avanteos. IPM's competitors will also be free to enter into a similar arrangement with Avanteos.
 - the proposed conduct will promote competition in the relevant markets by introducing greater choice, convenience and flexibility for retail investors.

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 relevant markets are the Australian markets for retail financial services and in particular, for retail investment and wealth management. These markets are very competitive and continue to experience rapid growth and technological innovation. For example the size of the managed fund industry is estimated to be in excess of \$1 trillion.

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:

Please refer to Questions 4 and 5 above. For the reasons outlined therein, it is submitted that the proposed conduct will benefit the public and will not substantially lessen competition in the relevant markets. As such, there is no public detriment likely to result from the proposed conduct.

- (b) Facts and evidence relevant to these detriments:

Please refer to Questions 4 and 5 above.

7. Further information

- (a) Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:

Ms. Jennifer McDermott
Manager, Administration Services
Care of Centric Wealth
Level 2, 7 Macquarie Place
Loftus Street Sydney NSW 2000

Dated.....

Signed by/on behalf of the applicant

(Signature)

Glen Castensen

(Full Name)

Glen Castensen

(Organisation)

Executive Director

(Position in Organisation)

Centric Wealth Ltd & Individual Portfolio
Managers Pty Ltd