

FORM G

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

FI
DC

To the Australian Competition and Consumer Commission:

REWARDS/PRISM.

Notice is 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:

Notification is given by the following companies:

~~Commonwealth Bank of Australia ACN 123 123 124 of Level 7, 48 Martin Place, Sydney, NSW (the "Bank");~~ See File note 38

and

N93572

Velocity Rewards Pty Ltd ("Velocity") ACN 116 089 448 as trustee for the Velocity Trust of Level 7, 131 Barry Parade, Fortitude Valley, QLD 4006

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

The Bank provides banking and financial services, including credit card facilities, and holders of credit cards issued by the Bank are offered an optional membership into the Bank's loyalty program, called the Commonwealth Awards Program ("Program").

Velocity provide a points based loyalty program offering flights, care hire, hotels, shopping goods and cruises for Virgin Blue customers and its program partner's customers.

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

c/o – Iain McAlister
Senior Executive Manager,
Regulatory Risk & Compliance
Commonwealth Bank of Australia
Level 8, 48 Martin Place
Sydney NSW 1155

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

The Bank offers credit cards and optional membership into the Program. Members of the Program ("Members") who earn points in the Program may redeem those points for goods, services, vouchers and airline loyalty program points;

Velocity offers the goods and services described in 1(b) above.

(b) Description of the conduct or proposed conduct

Members earn points in the Program from some use of their Bank issued credit cards.

Members will be offered from time to time through the Program newsletter and collateral marketing material and other non-cash benefits (for example, the right to enter into a trade promotion, and the provision of additional goods or services at a discounted price or without charge) (referred to from this point as "Benefits") where specific goods and services and specific packages of goods and services offered by Velocity are purchased in full or in part by a Member using the Member's credit card linked to the Program.

Velocity proposes to give or allow, or offer to give or allow, a discount or allowance in relation to the supply of products and services, or to supply or offer to supply the goods or services at a particular price, or to supply or offer to supply particular goods, services or Benefits in relation to the supply of the products or services, on the condition that a person is either a Member, or that the Member acquires the goods or services in full or in part by using the Member's credit card linked to the Program.

The proposed conduct will have little or no public detriment.

The proposed conduct will not lessen competition in the relevant banking and financial services markets. Competition in the relevant markets is vigorous and consumers will continue to have the choice from a large number of credit card issuers with their associated loyalty programs. As the markets are extremely competitive, any decision by consumers on which credit card and loyalty program to use can be made solely on an assessment of the merits of each issuer's product.

The proposal will also not lessen competition in the industries of Velocity as each of these industries is highly competitive, which enables consumers to make choices based on the price, value and quality of the products and services offered. Goods and services offered by Velocity are available for purchase by consumers independent of their membership in the Program.

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

- promote competition amongst credit card and loyalty program providers and prompt competitors of the Bank to provide pro-competitive value added benefits to the benefit of their loyalty program members; and
- promote competition and place downward pressure on pricing for products and services provided by the competitors of Velocity;

The significant public benefits outlined above outweigh any potential public detriment considered to arise from the conduct.

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

Members and potential Members.

(b) Number of those persons

1.55 million

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

Not applicable

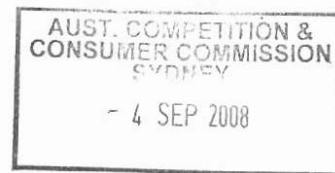
4. Name and address of person authorized by that person giving this notice to provide additional information in relation to this notice:

Iain McAlister
Senior Executive Manager,
Regulatory Risk & Compliance
Commonwealth Bank of Australia
Level 8, 48 Martin Place
Sydney NSW 1155

Should the Commission wish to make any enquiries about the conduct described in this notification, the Commission is respectfully requested to contact Iain McAlister in the first instance, prior to doing so.

Dated: 4 September 2008

Signed on behalf of the person giving this notice



Iain McAlister
.....
Iain McAlister
Senior Executive Manager, Regulatory Risk & Compliance

[Back of Form]

DIRECTIONS

1. If there is insufficient space on this form for the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the person giving the notice.
2. If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
3. In item 1 (b), describe that part of the business of the person giving the notice in the course of which the conduct is engaged in.
4. If particulars of a condition or of a reason of the type referred to in subsection 47(2), (3), (4), (5), (6), (7), (8) or (9) of the *Trade Practices Act 1974* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.
5. In item 3(a), describe the nature of the business carried on by the persons referred to in that item.
6. In item 3(b)(ii), state an estimate of the highest number of persons with whom the person giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.

NOTICE

If this notification is in respect of conduct of a kind referred to in subsection 47(6) or (7), or paragraph 47(8)(c) or (9)(d), of the *Trade Practices Act 1974* ("the Act"), it comes into force at the end of the period prescribed for the purposes of subsection 93(7A) of the Act ("the prescribed period") unless the Commission gives a notice under subsection 93A(2) of the Act within the prescribed period, or this notification is withdrawn.

The prescribed period is 21 days (if this notification is given on or before 30 June 1996) or 14 days (if this notification is given after 30 June 1996), starting on the day when this notification is given.

If the Commission gives a notice under subsection 93A(2) of the Act within the prescribed period, this notification will not come into force unless the Commission, after completing the procedures in section 93A of the Act, decides not to give a notice under subsection 93(3A) of the Act. The notification comes into force when that decision is made.

If this notification is in respect of conduct of a kind referred to in subsection 47(2), (3), (4) or (5), or paragraph 47(8)(a) or (b) or (9)(a), (b) or (c), of the Act, it comes into force when it is given.

Filenote

ACCC staff spoke with Adam De Bree, Manager Partners and Awards, Commonwealth Bank, who confirmed that it did not intend to notify this conduct on its own behalf, and recognised that it was Velocity which was potentially engaging in the relevant conduct.

The Commonwealth Bank also provided written confirmation from Velocity that it consents to the Commonwealth Bank submitting this notification on its behalf. This is attached.

David Hatfield
A/g General Manager
Adjudication
ACCC

9 September 2008

Blanch, Belinda

From: Mitchell, Simon
Sent: Tuesday, 9 September 2008 2:07 PM
To: !Adjudication Administration Team
Subject: FW: Form G ACCC submission - Commonwealth Awards & Velocity [SEC=UNCLASSIFIED]
Categories: SEC=UNCLASSIFIED
ACCC Classification: SEC=UNCLASSIFIED

From: De Bree, Adam [mailto:Adam.DeBree@cba.com.au]
Sent: Monday, 8 September 2008 4:04 PM
To: Mitchell, Simon
Cc: Davey, Richard
Subject: FW: Form G ACCC submission - Commonwealth Awards & Velocity

Hi Simon,

As requested, please find below Velocity consent to submit the form.

Kind regards
Adam

Commonwealth Bank

Adam de Bree
Manager Partners and Awards
Credit Cards
Loyalty
Retail Banking Services
Level 8, 175 Pitt Street, Sydney
Retail Banking Services
P: (02) 9312 9022
F: (02) 9312 8250
M: 0413 21 21 98
Email: adam.debree@cba.com.au

Our Vision: To be Australia's finest financial services organisation through excelling in customer service.

The Commonwealth Bank is Money Magazine's 2008 Bank of the Year. With 3 award wins and a finalist in 7 categories, we are Australia's most recognised financial services institution in Money Magazine's 2008 awards.

From: Scott Wegener [mailto:Scott.Wegener@virginblue.com.au]
Sent: Monday, 8 September 2008 3:08 PM
To: Davey, Richard
Subject: RE: Form G ACCC submission - Commonwealth Awards & Velocity

Hi Richard, I can confirm that Velocity and CBA are entering into a commercial partnership
Cheers,
Scott

Scott Wegener
Partnership Manager

T +61 (07) 3136 6183

9/09/2008

F +61 (07) 3136 6199
M 0434 077 815
E scott.wegener@virginblue.com.au
I www.velocityrewards.com.au



From: Davey, Richard [<mailto:richard.davey@cba.com.au>]
Sent: Monday, 8 September 2008 3:01 PM
To: Scott Wegener
Subject: FW: Form G ACCC submission - Commonwealth Awards & Velocity

Hi Scott, we need to get your / Velocity consent on the ACCC submission. No need for a signature just an email saying that you confirm CBA and Velocity are engaging in a Partnership.

Thanks
Richard

Commonwealth Bank
Richard Davey
Loyalty Product Manager
Credit Cards
Retail Banking Services
Level 8, 175 Pitt Street
Sydney, NSW 2000
P: 02 9696 6662
M: 0400 364 464
E: richard.davey@cba.com.au
Our vision is to be Australia's finest financial services organisation through excelling in customer service.

From: De Bree, Adam
Sent: Monday, 8 September 2008 1:56 PM
To: Davey, Richard
Subject: Form G ACCC submission - Commonwealth Awards & Velocity

Here you go

The attached form is what I have submitted to the ACCC to advise them that both CBA and Velocity will be engaging in a partnership.

This is merely a formality to ensure any promotions are fair to both parties and indeed, the consumer.

If you could please respond with your consent to this process that would be great.

Regards
Adam

9/09/2008

Commonwealth Bank

Adam de Bree

Manager Partners and Awards

Credit Cards

Loyalty

Retail Banking Services

Level 8, 175 Pitt Street, Sydney

Retail Banking Services

P: (02) 9312 9022

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***** IMPORTANT MESSAGE *****
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