

FILE No:
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Allens Arthur Robinson

13 October 2010

Gavin Jones
Director
Adjudication Branch
Australian Competition and
Consumer Commission
Level 35, The Tower
360 Elizabeth Street
Melbourne VIC 3000

ABN 47 702 595 758
Level 27
530 Collins Street
Melbourne VIC 3000
Australia
T +61 3 9614 1011
F +61 3 9614 4661
Correspondence
GPO Box 1776Q
Melbourne VIC 3001
Australia
DX 30999 Melbourne
www.aar.com.au

Dear Mr Jones

FCA Holdings Limited - Exclusive Dealing Notification

We act for FCA Holdings Limited (ABN 77 004 915 100) (*the Applicant*).

We enclose:

- An exclusive dealing notification Form G for lodgement on behalf of the Applicant; and
- A cheque for the applicable lodgement fee of \$100.00.

Please contact us if you have any queries relating to this matter.

Yours sincerely

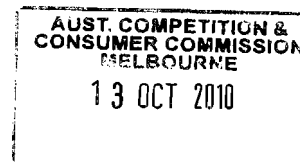


Wendy Peter
Partner
Wendy.Peter@aar.com.au
Tel 61 3 9613 8953
Mobile 61 3 437 565 037

Helen Anness
Senior Associate
Helen.Anness@aar.com.au
Tel 61 3 9613 8319
Mobile 61 3 420 937 133

Our Ref 000000:305260724

13.10.2010



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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:
(Refer to direction 2)

N95053

FCA HOLDINGS LIMITED A.B.N 77 004 915 100 (FCA)

- (b) Short description of business carried on by that person:
(Refer to direction 3)

FCA is in the business of providing wholesale financing to motor vehicle dealers to finance the purchase of vehicle inventory, also known as "floor plan financing". This includes the provision of financing for the acquisition by motor vehicle dealers of new vehicle display stock, demonstrator and used cars.

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

Level 2, 457 St. Kilda Road Melbourne, Victoria 3004, Australia

2. Notified arrangement

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

Wholesale financing provided to motor vehicle dealers to finance the purchase of vehicle inventory.

- (b) Description of the conduct or proposed conduct:

FCA proposes to introduce a program pursuant to which it will offer selected motor vehicle dealers a reduced interest rate on wholesale motor vehicle financing (the Program). The reduced interest rate will be provided to dealers on condition that Macquarie Leasing will have a first right of refusal to offer motor vehicle financing to the dealer's retail customers. Dealers will process the retail financing arrangements with their customers on behalf of Macquarie Leasing and will generally receive a bonus, fee and/or commission from Macquarie Leasing.

The reduced interest rate will be offered to the dealer for wholesale financing supplied by FCA provided the dealer agrees to offer a first

right of refusal for Macquarie Leasing retail finance to all of its end customers. In the event that the dealer does not secure Macquarie Leasing retail financing for all of its customers, the dealer may receive a reduced volume bonus from Macquarie Leasing but this will not affect the discounted wholesale rate received by the dealer from FCA. FCA may withdraw the reduced wholesale rates if dealers are securing less retail contracts for Macquarie Leasing than expected – this will be assessed on a case by case basis by FCA and Macquarie.

In order to participate in the Program, dealers have to enter into or have entered into a Retail Financial Services Agreement with Macquarie Leasing, pursuant to which they will become Macquarie accredited dealers.

*Dealers who are FCA customers but are not accredited with Macquarie will not be eligible to participate in the Program.
(Refer to direction 4)*

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:
(Refer to direction 5)

Selected motor vehicle dealers who are offered a reduced interest rate by FCA if they participate in the Program and on condition that they enter into a Retail Financial Services Agreement with Macquarie Leasing. Motor vehicle dealers will be selected to participate in the Program where they are key FCA customer accounts.

- (b) Number of those persons:

- (i) At present time:

Nil

- (ii) Estimated within the next year:

(Refer to direction 6)

Potentially up to seventy (70) motor vehicle dealers, subject to approval by FCA and Macquarie Leasing.

- (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:
(Refer to direction 7)

- *The proposed Program will allow dealers to reduce their interest charges on vehicle inventory financing through access to an FCA wholesale facility with a reduced interest rate .*
- *The Program will promote competition within the automotive financing industry for the benefit of motor vehicle dealers and their customers.*
- *Many automotive financiers are vertically integrated and provide wholesale financing to dealers that is linked with retail financing generated through their customers, with the interest rate on wholesale financing partly determined by the level of retail financing volume generated through the end customer. FCA is proposing the Program in order to provide a competitive alternative to these linked offers in the market.*

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

The proposal will allow selected dealers to access reduced interest terms for wholesale motor vehicle financing. Supply of motor vehicle finance is highly competitive and there are a number of alternative potential suppliers to FCA, including in particular Esanda, Capital Finance, St George Bank and Toyota Finance.

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):
(Refer to direction 8)

The relevant market is the supply of wholesale motor vehicle financing.

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:
(Refer to direction 9)

The proposed arrangement will have no public detriment. This is because dealers are not required to join the Program which will be voluntary. The supply of finance to motor vehicle dealers is highly competitive and there are a number of alternative suppliers to FCA. Competition in the market will not be adversely affected by the proposed financial package, nor will the price of vehicles or motor vehicle financing.

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

The proposed arrangement will have no public detriment because dealers are not required to purchase financing from FCA and those who choose to purchase from FCA under the Program will receive a reduced rate of wholesale financing as Macquarie accredited dealers.

7. **Further information**

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

Grant Jarvis

FCA Holdings Limited

Level 2, 457 St, Kilda Rd Melbourne

Victoria 3004

Phone: 03 9868 8438

Fax: 03 9868 8439

Email: gjarvis1@ford.com

Dated the 13th of October 2010

Signed by/on behalf of the applicant



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Grant Jarvis

General Manger

FCA Holdings Limited



DIRECTIONS

1. In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

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. Describe that part of the business of the person giving the notice in the course of the which the conduct is engaged in.
4. If particulars of a condition or of a reason of the type referred to in section 47 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. Describe the business or consumers likely to be affected by the conduct.
6. State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.
7. Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.
8. Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.
9. Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.