

# BMW Financial Services Australia



General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
GPO Box 3131  
CANBERRA ACT 2601

21 July 2011  
**Exclusive Dealing Notification**  
**BMW Australia Finance Limited ACN 007 101 715**

Dear Sir/Madam,

We enclose:

1. Exclusive Dealing Notification under section 93(1) of the *Competition and Consumer Act 2010*; and
2. A cheque for \$100 in payment of the required lodgement fee.

If you have any queries or require any further information please do not hesitate to contact Chandra Kham of our office on 03 9264 4039.

Yours faithfully,

Richard Dicello  
Head of Alphaera Financial Services

Chandra Kham  
Compliance Officer

Company  
BMW Financial Services  
A division of  
BMW Australia Finance Ltd.  
A.B.N. 78 007 101 715

A BMW Group Company

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783 Springvale Road  
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Chairman  
Alan Crookes

Managing Director  
Alan Crookes

Finance Director  
Leopold Visser

Operations Director  
Chris Rouskas

## Form G

Commonwealth of Australia  
*Competition and Consumer Act 2010 — 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 *Competition and Consumer Act 2010*, 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)*

N95490

BMW Australia Finance Limited ACN 007 101 715 (**BMW**).

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

BMW carries on the business (amongst other things) of providing finance for the acquisition of motor vehicles. BMW trades as BMW Financial Services in the supply of finance for the acquisition of BMW motor vehicles and trades as Alphera Financial Services in the supply of finance for the acquisition of motor vehicles other than BMW motor vehicles.

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

Chandra Kham  
Compliance Officer  
BMW Financial Services  
783 Springvale Road, Mulgrave Victoria 3170

### 2. Notified arrangement

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

Supply of finance for the retail acquisition of motor vehicles.

- (b) Description of the conduct or proposed conduct:  
*(Refer to direction 4)*

BMW proposes, from time to time, to offer a discounted interest rate for motor vehicle finance to customers who satisfy BMW's lending

and approval criteria and acquire a specified motor vehicle from a dealership prescribed by BMW (**Authorised Dealership**).

The timing and duration of each offer period will be agreed upon between BMW and the Authorised Dealership however it is anticipated that the first offer period will commence in or around August 2011.

The Authorised Dealership may indirectly contribute to the discounted interest rate by a reimbursement or subsidy to BMW.

**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)*

Existing customers and potential customers of BMW who satisfy BMW's lending and approval criteria and wish to acquire a motor vehicle from an Authorised Dealer that is the subject of a discounted interest rate offer.

- (b) Number of those persons:

- (i) At present time:

None.

- (ii) Estimated within the next year:  
*(Refer to direction 6)*

In excess of 100.

- (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 conduct will be of benefit to the public as it will:

- (i) Intensify competition between motor vehicle financiers.  
(ii) Intensify competition between motor vehicle dealerships.  
(iii) Provide eligible customers with the opportunity to obtain finance to acquire a motor vehicle at a substantially discounted interest rate.

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

The proposed interest rate will be at a substantial reduction to the interest rate normally offered by BMW. This will result in savings to customers who participate in the proposed offer.

It is likely that the proposed offer will also increase the sales volume of motor vehicles.

**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 markets are motor vehicle finance and the sale of motor vehicles.

Both markets are highly competitive and there is a high degree of substitutability between motor vehicle financiers and motor vehicles. During offer periods customers:

- (a) will not be compelled to obtain finance from BMW to fund the acquisition of a motor vehicle;
- (b) will not be required to purchase a motor vehicle from an Authorised Dealership to obtain motor vehicle finance from BMW;
- (c) will be permitted to source alternative finance arrangements through BMW and also other financiers to fund the acquisition of their motor vehicle;
- (d) will be permitted to acquire motor vehicles from dealerships other than Authorised Dealerships that are the subject of the proposed offer; and
- (e) will be permitted to purchase a motor vehicle from an Authorised Dealership without obtaining finance from BMW.

The proposed conduct will not affect a substantial segment of the overall market for motor vehicle finance and the sale of motor vehicles. Accordingly, the proposed conduct will not create barriers to entry or restrict the supply or acquisition of motor vehicle finance or the sale of motor vehicles.

**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)*

There does not appear to be a public detriment from the proposed conduct. BMW is not restricting a customer's ability to select either:

- (i) a financier to obtain motor vehicle finance from; or
- (ii) a dealership to acquire a motor vehicle from.

Customers will continue to be permitted to select the most appropriate motor vehicle and motor vehicle finance to meet their requirements.

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

The proposed conduct will not decrease competition in the markets for motor vehicle finance or motor vehicle sales as:

- (i) competition between motor vehicle financiers and motor vehicle sales is extremely competitive;
- (ii) customers are permitted to obtain finance to acquire motor vehicles from financiers other than BMW;
- (iii) customers are permitted to purchase motor vehicles from dealerships other than an Authorised Dealerships;
- (iv) other financiers are permitted to offer similar, or more competitive, offers to customers;
- (v) the number of customers that could be affected by the proposed conduct (as noted in 3(b)(ii) above) is insignificant compared to the total number of customers that will obtain motor vehicle finance during the proposed offer periods; and
- (vi) Authorised Dealerships are permitted to continue to offer customers finance products from financiers other than BMW.

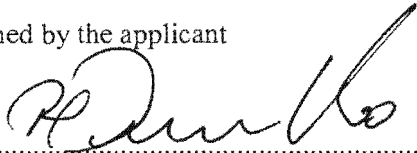
**7. Further information**

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

Chandra Kham  
Compliance Officer  
BMW Financial Services  
783 Springvale Road, Mulgrave Victoria 3170  
Email: chandra.kham@bmwfinance.com.au  
Telephone: 03 9264 4039  
Fax: 03 9535 4075

Dated 21 July 2011

Signed by the applicant



.....  
(Signature)

Richard Dicello  
(Full Name)

BMW Australia Finance Limited ACN 007 101 715  
(Organisation)

Head of Alpha Financial Services  
(Position in Organisation)

## 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 *Competition and Consumer Act 2010* 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.