



**Australian
Competition &
Consumer
Commission**

Our Ref: C2006/1206
Contact Officer: Cameron Martin
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10 July 2006

Andrea Pane
Partner
Robert James Lawyers
Level 10
200 Queen Street
MELBOURNE VIC 3000

Dear Ms Pane,

Re: Third line forcing notification N92535 lodged by Leading Edge Group Ltd

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the ACCC) on 26 June 2006. The notification has been placed on the ACCC's public register.

From the information provided in the notification, I understand that Leading Edge Group Ltd intends to offer its members an exclusive Leading Edge Jewellers territory under their membership agreement on the condition that they, among other things:

- agree to acquire at least 80 per cent of their stock from LEG's preferred suppliers
- stock items featured in various advertisements and catalogues and
- acquire a point of sales (POS) computer system specified by LEG.

Legal immunity conferred by the notification came into force on 10 July 2006.

On the basis of the information that you have provided, it is not intended that further action be taken in this matter at this stage.

As with any notification, please note that the ACCC may act to remove the immunity afforded by the notification at a later stage if it is satisfied that the likely benefit to the public from the conduct will not outweigh the likely detriment to the public from the conduct.

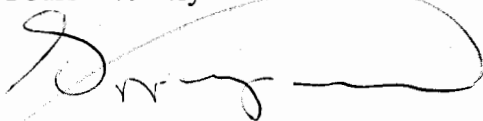
Further to this, I would encourage you to consider whether the requirements of the Franchising Code of Conduct apply to the proposed licence agreement. As you may be



aware, the Franchising Code of Conduct, pursuant to regulation 4 of the *Trade Practices (Industry Codes — Franchising) Regulations 1998*, applies to arrangements which *in substance* create a relationship of franchisor/franchisee. In particular I would like to bring to your attention to the requirement under the Code for a franchisor to disclose in a Franchise Disclosure Document any commission or rebate received through an agreement with a third party supplier.

A copy of this letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Cameron Martin on 02 6243 1107.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Gregson', with a long horizontal flourish extending to the right.

Scott Gregson
General Manager
Adjudication Branch