



**Australian
Competition &
Consumer
Commission**

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Our Ref: C2010/1077
Contact Officer: Luke Griffin
Contact Number: 02 6243 1114

21 December 2010

Richard Kaplan
Security365 Pty Ltd
5/1 Canal Road, St Peters
NSW 2044

Dear Mr Kaplan

Third line forcing notification N95201 lodged by Security365 Pty Ltd

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the ACCC) on 2 December 2010. The notification has been placed on the ACCC's public register.

Security365 Pty Ltd (**Security365**) proposes to offer franchisees the right to operate a Security365 franchised business on condition that the franchisee sources the product and service range from a Security365 approved catalogue and supplier.

Legal immunity conferred by the notification will commence on 16 December 2010.

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.

This assessment has been made on the basis that Security365 will disclose all relevant terms and conditions to prospective clients.

The ACCC notes that legal immunity conferred by the notification does not cover conduct relevant to section 48 of the *Trade Practices Act 1974* which prohibits the

practice of resale price maintenance. It may be appropriate for Security365 to seek its own legal advice regarding the franchise agreement, particularly with respect to 'Schedule 24 – authorised goods and services', to ensure it does not risk engaging in resale price maintenance.

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 Luke Griffin on (02) 6243 1114.

Yours sincerely

A handwritten signature in black ink, appearing to be 'R Chadwick', with a horizontal line extending to the right.

Dr Richard Chadwick
General Manager
Adjudication Branch