



**Australian  
Competition &  
Consumer  
Commission**

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31 January 2013

Mr Chris Chapman  
General Counsel / Corporate Secretary  
endota (No 1) Pty Ltd

By email: [chris.chapman@endota.com.au](mailto:chris.chapman@endota.com.au)

Dear Mr Chapman

### **Third line forcing notification N96476 lodged by endota (No 1) Pty Ltd**

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the ACCC) on 17 December 2012. The notification has been placed on the ACCC's public register.

Endota (No 1) Pty Ltd proposes to supply its services as franchisor on condition franchisees purchase hydrodermabrasion machines and related products from Global Beauty Group Pty Ltd.

Legal protection conferred by the notification commenced on 31 December 2012.

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 discussed with ACCC staff on 18 December 2012, I note that while it is envisaged that Global Beauty Group Pty Ltd will arrange finance through Flexirent Capital Pty Ltd on behalf of franchisees, this does not form part of the notified conduct.

As with any notification, please note that the ACCC may act to remove the legal protection provided 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 endota (No 1) Pty Ltd will disclose all relevant terms and conditions to current and prospective franchisees. In particular I note that endota (No 1) Pty Ltd is required to comply with the disclosure requirements of the Franchising Code of Conduct in relation to the notified arrangement. Among other things, these specify that a franchisor must provide information to franchisees in its disclosure document about:

- any restrictions on acquisition of goods or services by the franchisee from other sources

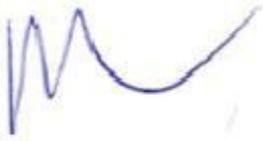
- whether the franchisor or an associate will receive a rebate or other financial benefit from the supply of goods or services to franchisees, including the name of the business providing the rebate or financial benefit and
- whether any such rebate or financial benefit is shared directly or indirectly with franchisees.

More generally I would note that the Franchising Code of Conduct also requires disclosure of:

- ownership by a franchisor or an associate of a franchisor of an interest in any supplier from which the franchisee may be required to acquire goods or services
- any restrictions by a franchisor on the goods or services that a franchisee may supply and
- any restrictions on the persons to whom a franchisee may supply goods or services.

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



Richard Fleming  
A/g General Manager  
Adjudication Branch