



**Australian
Competition &
Consumer
Commission**

Our Ref: 50896
Contact Officer: Luke Griffin
Contact Number: 02 6243 1114

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10 April 2013

Mr Andrew Rankin
Partner
Norton Rose Australia

By email: Andrew.rankin@nortonrose.com

Dear Mr Rankin

Third line forcing notification N96652 lodged by CGP Systems Pty Ltd

I refer to the above third line forcing notification lodged with the Australian Competition and Consumer Commission (the ACCC) on 12 March 2013. The notification has been placed on the ACCC's public register.

CGP Systems Pty Ltd proposes to supply franchise services on the condition franchisees agree to acquire approved products and services from approved suppliers.

Legal protection conferred by the notification commenced on 26 March 2013.

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 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 CGP Systems Pty Ltd will disclose all relevant terms and conditions to current and prospective franchisees. In particular I note that CGP Systems 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

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a horizontal line.

Dr Richard Chadwick
General Manager
Adjudication Branch