

SCHEDULE 2

Groups of undertakings

Compliance of franchise undertakings as a group

12. In these Regulations—

- (a) a “franchise agreement” exists where one undertaking (“the franchisee”) and another undertaking (“the franchisor”) agree that—
 - (i) the franchisee carries on a business activity which is the sale or distribution of goods or the provision of services (the “franchise business”),
 - (ii) the franchise business is carried on under a name which the franchisor provides to the franchisee,
 - (iii) the premises where the franchise business is carried on are used exclusively for that business by the franchisee, and
 - (iv) those premises have an internal or external appearance agreed by the franchisor and that appearance is similar to that of other premises in respect of which the franchisor has entered into a franchise agreement,
- (b) where a franchise agreement exists, “franchise premises” means—
 - (i) the premises described in sub-paragraph (a), and
 - (ii) any other premises used by the franchisee in relation to carrying on the franchise business,
- (c) a “franchise undertaking” means the franchisor, and any franchisee, that are party to a franchise agreement,
- (d) a franchise agreement does not exist where the franchisee and the franchisor are group undertakings in relation to each other.