

Unofficial translation

Decree of the Ministero delle attività produttive (Ministry for production activities) n. 204 of 2 September 2005 (published on the Gazzetta Ufficiale, i.e. Official Journal, n. 204, on October 4, 2005)

REGULATION SETTING UP RULES ON FRANCHISE, UNDER ART. 4, PARAGRAPH 2, OF LAW N. 129 OF 6 MAY 2004

Article 1. Scope of the regulation

1. The provisions of the present regulation shall apply to any Franchisor that, before the execution of the franchise agreement, has carried out his business only abroad.
2. The scope of the present regulation is limited to the cases whereby the agreement, according to the (Italian) rules on the conflicts of laws, is governed by the Italian Law.

Article 2. Information

1. Without prejudice for the obligations set forth in art. 4, paragraph 1), letters a), b) and c) of law n. 129 of 6 May 2004, at least 30 days before the execution of a franchise agreement a franchise agreement as defined under art. 1, paragraph 1) (of the law), the Franchisor must provide the prospective Franchisee with a full copy of the agreement to be executed, together with the Annexes referred to in paragraphs 2), 3), 5) and 6) of the present article.
2. Within the same period of time provided for in paragraph 1), the Franchisor must provide the prospective Franchisee with a numerical list of the Franchisees currently operating in the network as well as a list of outlets directly run, country by country.
3. Upon request by the prospective Franchisee, the Franchisor must also provide a list containing the data referred to the location and to the contact references of at least 20 current Franchisees. In case the total number of the Franchisees is less than the above number, the Franchisor must provide the complete list.
4. The lists referred to in paragraphs 2) and 3) may be provided also by computer media or published on the Franchisor's web site.
5. The Franchisor must provide the details of the variation, year by year and country by country, in the number of Franchisees, including their location in the last three calendar years or from the date of start-up of the Franchisor's business, should it be less than three years.
6. The Franchisor must provide the prospective Franchisee with a brief summary of any court proceeding concluded in the three years before the period of time provided for in paragraph 1), with a decision become res judicata, as well as of any arbitral proceeding concluded in the same period of time with a final award.
7. Of the judicial or arbitral proceedings, if any, that must be related to the franchise system, one must specify, at least, the parties, the judicial or arbitral authority, the claims and the ordering part of the decision/award.

Article 3. Final provisions

1. Upon request by the prospective Franchisee, the Franchisor must provide the information concerning the agreement and the related Annexes in Italian language.
2. The prospective Franchisee must use the information referred to in art. 2 of the present Decree only for the purpose of evaluating the franchise.