ACTION: Invitation to comment on requested exemption from Trade Regulation Rule.

SUMMARY: The Commission solicits public comment on a petition filed by Paccar, Inc., for an exemption from the requirements of the Franchise Rule.

DATES: Written comments will be accepted until May 30, 2003.

ADDRESSES: Comments may be filed in person or mailed to: Secretary, Federal Trade Commission, 600 Pennsylvania Avenue, NW., Washington, DC 20580. Requests for copies of the petition and the Franchise Rule should be directed to the Public Reference Branch, Room 130, (202) 326-2222.

FOR FURTHER INFORMATION CONTACT: Steven Toporoff, Attorney, Room 238, Federal Trade Commission, 600 Pennsylvania Avenue, NW., Washington, DC 20580, (202) 326-3135.

SUPPLEMENTARY INFORMATION: On December 21, 1978, the Federal Trade Commission promulgated a trade regulation rule entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures ('the Rule')." 16 CFR at 436. In general, the Rule provides for presale disclosure to prospective franchisees of important information about the franchisor, the franchise business, and the terms of the proposed franchise relationship. A summary of the Rule is available from the FTC Public Reference Branch, upon request.

Section 18(g) of the Federal Trade Commission Act provides that any person classified as a person covered by a trade regulation rule may petition the Commission for an exemption from such rule. If the Commission finds that the application of such rule to any person classified as a person is not necessary to prevent the unfair or deceptive acts or practices to which the rule relates, then the Commission may exempt such person or class from all or part of the rule.

Paccar, Inc. ("Paccar") has filed a petition for an exemption from the Franchise Rule pursuant to section 18(g) of the Federal Trade Commission Act, 15 U.S.C. 57a(g). Paccar manufactures heavy-duty and medium-duty trucks, truck parts, and accessories, which it distributes through a network of dealers operating under the name "Kenworth" or "Peterbilt." In its petition, Paccar argues that an exemption should be granted because Paccar dealers are sophisticated businesspersons with experience in the industry, and the information-exchange and negotiation process leading to execution of a dealership agreement takes place over a period of several months, ensuring adequate time for review. Petitioner argues that the experience and sophistication of prospective dealers and the company's lengthy selection process leading to the execution of the dealership agreement make the abuses identified by the Commission as the basis of the Franchise Rule unlikely and render application of the Rule to Paccar unnecessary and burdensome.

For a complete presentation of the arguments submitted by Petitioner, please refer to the full text of the petition, which may be obtained from the FTC Public Reference Branch, on request.

In assessing the present exemption request, the Commission solicits comments on all relevant issues germane to the proceeding, including the following: (1) Is there evidence indicating that Petitioner may engage in unfair or deceptive acts or practices in the offer and sale of dealership franchises? (2) Are there other reasons that might militate against granting Petitioner an exemption from the Franchise Rule?

The Commission has considered the arguments made by Petitioner and concludes that further inquiry is warranted before a decision regarding the petition may be made. The Commission, therefore, seeks comment on the exemption request by Petitioner.

All interested parties are hereby notified that they may submit written data, views, or arguments on any issue of fact, law, or policy that may have some bearing on the requested exemption, whether or not such issues have been raised by the petition in this notice. Such submission may be made from said date to the Secretary of the Commission.

Comments should be identified as "Paccar Franchise Rule Exemption Comment" and three copies should be submitted.

List of Subjects in 16 CFR Part 436

Trade Practices and Franchising.

By direction of the Commission.

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