Cassels

It’s That Time of Year: Does Your Canadian Franchise Disclosure Document Need Updating?

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Franchisors should regularly consider whether their Canadian franchise disclosure document (FDD), or other franchise related documents, require updating. This is particularly true following a calendar year-end and/or a fiscal year-end.

If you plan to offer franchises in any of the six Canadian provinces requiring disclosure, or will have renewals or resales coming up, you need to ensure that your FDD complies with the requirements of each applicable provincial franchise law, and that the contents of your FDD are consistently accurate and up-to-date. That includes updating of all prescribed disclosure items (some of which require updating every new calendar or fiscal year, and others on a more frequent basis), and ensuring that the FDD always includes all material facts.

If an FDD is not yet updated or otherwise ready to be used in all six franchise law provinces, a small amount of effort by counsel and the franchisor can yield a form of FDD that can greatly minimize the franchisor’s risk of a claim based on non-compliance.

Remember that the provinces now with a franchise law are Alberta, British Columbia, Manitoba, New Brunswick, Ontario and Prince Edward Island.

This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.