

FDD Alert! Is Your Canadian Disclosure Document Going Stale This Week?

Larry M. Weinberg, Frank Robinson, Noah Leszcz

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Further to our insight from earlier this year, franchisors should review their Canadian franchise disclosure document (FDD) to ensure it is updated, which includes making sure it includes the correct financial statements.

Under provincial franchise laws in Canada, franchisors have no more than 180 days from their fiscal year-end to replace the financial statements within their FDDs with financial statements from their most recently completed fiscal year-end. **For franchisors with a December 31, 2020 fiscal year-end, the deadline to have the compliant financial statements included in the FDD is before the end of June 2021.**

After this date, franchisors with a fiscal year-end of December 31, 2020 are no longer permitted to issue a valid FDD if they do not have the correct financial statements in the FDD.

As noted in our earlier insight, 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 provide the franchisor with an up-to-date and legally compliant 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.