



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

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Washington is exploring adopting amendments to allow for electronic delivery of franchise disclosure documents.

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The Securities Division is considering proposing to amend its rules to explicitly allow the electronic delivery of franchise disclosure documents.

Neither the Washington State Franchise Investment Protection Act nor the Securities Division's rules explicitly allow a franchisor to provide the Franchise Disclosure Document electronically to prospective franchisees. On September 14, 2003, the North American Securities Administrators Association (NASAA) approved a Statement of Policy Regarding Electronic Delivery of Franchise Disclosure Documents. This Statement of Policy provided text for proposed state regulation regarding electronic delivery by franchisors of Franchise Disclosure Documents to franchisees. On January 22, 2007, the Federal Trade Commission (FTC) adopted amendments to its Franchise Rule that explicitly allowed electronic delivery of Franchise Disclosure Documents.

The Securities Division recognizes that explicitly allowing for electronic disclosure of franchise disclosure documents may benefit prospective franchisees by making franchise disclosure documents more readily available and more readable. Allowing electronic disclosure also benefits franchisors by reducing costs associated with reproduction and delivery of disclosure materials. As the amendments considered by the Division reflect the language of the NASAA Statement of Policy, and the FTC rules similarly allow for electronic delivery of Franchise Disclosure Documents, the amendments under consideration would better coordinate the Securities Division's rules with other federal or state agencies.

Accordingly, the Securities Division is exploring amending its regulations regarding delivery and receipt of Franchise Disclosure Documents to allow for electronic delivery. In particular, the rule affected is WAC 460-80-300. A copy of the Preproposal Statement of Inquiry is attached. Questions may be directed to Michelle Webster at michelle.webster@dfi.wa.gov or 360-902-9736.

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