

ADVISORY COUNCIL RECOMMENDS THAT ONTARIO GOVERNMENT CLARIFY PROVISIONS OF THE *ARTHUR WISHART ACT (FRANCHISE DISCLOSURE), 2000*

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The Ontario government recently established an advisory body called the Business Law Modernization and Burden Reduction Council (the Council) to make recommendations to the government on how to modernize Ontario's corporate and commercial laws.

The Council has made several recommendations to the Ministry of Government and Consumer Services, including that the government consider amending the *Arthur Wishart Act (Franchise Disclosure), 2000* (the Act) in order to “clarify existing ambiguities and codify existing business practices”.

More specifically, the Council recommends in its brief report that the government consider amending the Act (and the related regulations) to “prescribe”:

1. The manner of determining “Total Initial Investment” for the purposes of the minimum and large investment thresholds;
2. Any changes to the minimum and large investment thresholds amounts for exemptions from disclosure;
3. The amount of the deposit payment under which fully refundable deposit agreements that does not bind a prospective franchisee to enter into a franchise agreement
4. would be exempt from disclosure;
5. The information that must be contained in a Statement of Material Change; and
6. The accounting standards for financial statements that must be included in the Disclosure Document.

Although the recommended changes are all “house-keeping” in nature, they will hopefully provide additional clarity to both franchisors and franchisees on the above-noted subjects.

The Ministry is welcoming public feedback on the proposals until November 26, 2019. The full report is available and comments on the proposals can be provided online [here](#).

We anticipate that the recommendations will likely result in a proposed bill being tabled early in 2020, and that the changes will become effective sometime during the spring or summer of 2020. We will keep you posted as

to the specific amendments that are ultimately adopted.

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A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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