

CHANGES TO ONTARIO'S FRANCHISE LEGISLATION: BILL 154 RECEIVES ROYAL ASSENT

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In October 2017, we [updated you](#) on changes to Ontario's *Arthur Wishart Act (Franchise Legislation)*, 2000 (the "**Arthur Wishart Act**") proposed through Bill 154, the *Cutting Unnecessary Red Tape Act, 2017*. Bill 154 received royal assent on November 14, 2017, formally amending the Arthur Wishart Act.

The highlights of the changes to the Arthur Wishart Act as a result of Bill 154, now having received royal assent, are:

- Amending the definition of "franchise" to include relationships where the franchisor has the right to exercise control, rather than the actual exercise of control, over the franchisee's method of operation;
- Allowing franchisors to accept fully refundable deposits that do not exceed a prescribed amount (the prescribed amount is expected to be 20% of the initial franchise fee, as in British Columbia) without triggering the disclosure document obligation;
- Allowing franchisors to enter into non-disclosure and location agreements with prospective franchisees without triggering the disclosure document obligation (Ontario is currently the only regulated province that does not permit non-disclosure agreements to be signed before delivering a disclosure document);
- Expanding the scope of the disclosure exemption to include the grant of a franchise to a person (or a company controlled by that person) who is currently an officer or director of the franchisor (or who was an officer or director of the franchisor up to four months prior to the relevant time); and
- Clarifying the "large investment" and "*de minimis* investment" disclosure exemptions to clarify timing and the method of calculating the relevant investment amount.

Some of the amendments to the Arthur Wishart Act came into force immediately upon royal assent of Bill 154, including those amendments changing the definition of "Franchise". The other amendments will come into force on a day to be named by proclamation.

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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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