

REMINDER: BC FRANCHISE LEGISLATION IN EFFECT FEBRUARY 1ST, 2017

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As of February 1, 2017, any company offering franchises in British Columbia must be in compliance with the province's new franchise disclosure requirements, or risk serious consequences. As set out in our previous bulletins from [November 2015](#) and [October 2016](#), British Columbia's new Franchises Act (the "**Franchises Act**") and accompanying Regulations come into force on that date, bringing not only a detailed set of disclosure requirements for franchisors, but also a host of remedies for franchisees to use when dealing with non-compliant franchisors.

Failure of a franchisor to provide adequate disclosure pursuant to the Franchises Act will permit franchisees to rescind their franchise agreements for up to two years. Successful rescission claims may be extremely costly to franchisors, who may be on the hook for any losses of the franchisee during that time, including long term lease obligations. As such, we strongly recommend that franchisors consult their legal counsel now to ensure their disclosure documents are compliant with the Franchises Act, and making any necessary changes to their existing disclosure documents.

Franchisors currently operating in B.C. but not elsewhere in Canada, or franchisors who have not otherwise previously provided disclosure, will need to develop compliant disclosure documents in order to meet their obligations under the Franchises Act and avoid the risk of contravention.

Franchisors who are already providing compliant disclosure in provinces which have specific franchise legislation (Alberta, Manitoba, Ontario, New Brunswick and Prince Edward Island) will likely be substantially compliant with the Franchises Act. However, we recommend reviewing the applicable disclosure obligations under the Franchises Act carefully in order to avoid inadvertent contravention that may result from a failure to make necessary adjustments.

by Michael E. Reid and Dharampreet Dhillon, Articled Student

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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