

1983 BILL 53

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First Session, 20th Legislature, 32 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# **BILL 53**

**FRANCHISES AMENDMENT ACT, 1983**

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DR. CARTER

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First Reading .....  
Second Reading .....  
Committee of the Whole .....  
Third Reading .....  
Royal Assent .....

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*Bill 53  
Dr. Carter*

## **BILL 53**

1983

### **FRANCHISES AMENDMENT ACT, 1983**

*(Assented to \_\_\_\_\_, 1983)*

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of Alberta, enacts as follows:

*1 The Franchises Act is amended by this Act.*

*2 Section 3 is repealed and the following is substituted:*

**3(1)** The Director may, if he is satisfied that to do so would not be prejudicial to the public interest, make an order exempting a trade from any 1 or more of the following provisions:

- (a) section 4;
- (b) section 5 or any part thereof;
- (c) section 6;
- (d) a regulation or part thereof made under this Act.

(2) An order under subsection (1) may be made by the Director on his own motion or on an application of a person or company directly affected by the trade in respect of which the application is being made.

(3) An order under subsection (1) may be subject to those terms or conditions that the Director considers necessary.

(4) An order made under subsection (1) may, at the direction of the Director, come into force on a date prior to the date on which the order is made.

*3 Section 4 is repealed and the following is substituted:*

**4(1)** No franchisor who claims an exemption under section 2 shall trade in a franchise until the franchisor has obtained an acknowledgment of the exemption under section 2 from the Director and has filed with the Commission a copy of the statement of material facts.

## Explanatory Notes

**1** This Bill will amend chapter F-17 of the Revised Statutes of Alberta 1980.

**2** Section 3 presently reads:

*3(1) The Director may, when in his opinion the action is not prejudicial to the public interest, order, subject to any terms and conditions that he may impose, that any trade in a franchise is exempt from section 6, or from any of the provisions of section 5(2) specifying the contents of a statement of material facts or from any of the provisions of the regulations specifying the contents of a prospectus.*

*(2) In considering the effect on the public interest in subsection (1) the Director shall have regard to the financial responsibility of the franchisor, its business experience, its ability to provide the goods and services it advertises and its general success in the franchise field.*

*(3) A notice of each order made under subsection (1) and a summary of the facts relating to it shall be published by the Director in The Alberta Gazette as soon as practicable after the order is made.*

**3** Section 4 presently reads:

*4(1) No franchisor who claims an exemption under section 2 or who seeks an exemption from registration under section 3 shall trade in the franchise until*

*(a) the franchisor has obtained an acknowledgement of the exemption under section 2 from the Director, or*

(2) An acknowledgment of the exemption expires 1 year from the date of the acknowledgment unless the Director by order specifies a different period.

(3) The acknowledgment of an exemption may be renewed for additional periods of 1 year each by submitting to the Director an application for renewal in the prescribed form no later than 30 business days prior to the expiration of the acknowledgment unless that period is waived by an order of the Director.

(4) An application for renewal submitted under subsection (3) shall be accompanied by a copy of the franchisor's most recent statement of material facts.

(5) When a material adverse change occurs after the date of the application for acknowledgment of an exemption or the submission of an application for renewal that may have an effect on the granting of the acknowledgment or renewal, notice of the change shall be filed with the Director as soon as practicable and in any event within 10 days from the date the change occurs.

4 *Section 5(1) is repealed and the following is substituted:*

5(1) When a trade in a franchise is exempt under section 2, the franchisor shall nevertheless at least 4 days (exclusive of Saturdays, Sundays or holidays) prior to

(a) the execution by the prospective franchisee of any binding franchise or any other agreement, or

(b) the receipt of any consideration,

supply each prospective franchisee with a statement of material facts.

5 *Section 25(1) is amended by renumbering it as section 25.*

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*In accordance with section 4(1) of the Interpretation Act, this Bill comes into force on the date it receives Royal Assent.*

*(b) the franchisor has obtained an order from the Director under section 3 granting the exemption,*

*and has filed with the Commission a copy of the statement of material facts.*

*(2) An acknowledgement of the exemption or an order granting the exemption expires one year from the date of the acknowledgement or order unless the Director by order specifies a different period.*

*(3) The acknowledgement of an exemption or the order granting an exemption may be renewed for additional periods of one year each by submitting to the Director an application for renewal in the prescribed form no later than 30 business days prior to the expiration of the acknowledgement or order unless that period is waived by an order of the Director.*

*(4) An application for renewal submitted under subsection (3) shall be accompanied by a copy of the franchisor's most recent statement of material facts.*

*(5) When a material adverse change occurs after the date of the application for acknowledgement of an exemption or for an order granting an exemption or the submission of an application for renewal that may have an effect on the granting of the acknowledgement, order or renewal, notice of that change shall be filed with the Director as soon as practicable and in any event within 10 days from the date the change occurs.*

**4 Section 5(1) presently reads:**

*5(1) When a trade in a franchise is exempt under section 2 or has, under section 3, been granted an exemption by the Director from the provisions of section 6, the franchisor shall nevertheless, at least 4 days (exclusive of Saturdays, Sundays or holidays) prior to*

*(a) the execution by the prospective franchisee of any binding franchise or any other agreement, or*

*(b) the receipt of any consideration,*

*supply each prospective franchisee with a statement of material facts.*

**5 Section renumbering.**