

1992 BILL 45

Fourth Session, 22nd Legislature, 41 Elizabeth II

THE LEGISLATIVE ASSEMBLY OF ALBERTA

BILL 45

FRANCHISES ACT

THE MINISTER OF CONSUMER AND CORPORATE AFFAIRS

First Reading

Second Reading

Committee of the Whole

Third Reading

Royal Assent

BILL 45

1992

FRANCHISES ACT

(Assented to , 1992)

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

Interpretation **1(1)** In this Act,

- (a) “Agency” means the Agency of the Alberta Securities Commission under the *Securities Act*;
- (b) “associate”, when used to indicate a relationship with any person, means
 - (i) a corporation of which the person beneficially owns or controls, directly or indirectly, voting securities entitling the person to more than 10% of the voting rights attached to the outstanding securities of the corporation,
 - (ii) an affiliate within the meaning of subsection (2),
 - (iii) a trust or estate

- (A) in which the person has a beneficial interest, or
 - (B) in respect of which the person serves as trustee or in a similar capacity,
- (iv) in the case of an individual,
 - (A) the spouse or child of the individual, or
 - (B) any relative of the individual or of the spouse of the individual who has the same residence as the individual,
- or
- (v) a partner or joint trustee;
- (c) "Board" means the Board of the Alberta Securities Commission under the *Securities Act*;
- (d) "Chairman" means the Chairman of the Board;
- (e) "change in a material fact" includes
 - (i) a change in the business, operations, capital or control of the franchise grantor or its associate, including a decision to implement the change made by the franchise grantor or its associate, or
 - (ii) a change in the franchise system, including a decision to implement the change made by the franchise grantor or its associate,

that would reasonably be expected to have a significant effect on the value or price of the franchise offered or the decision to purchase the franchise;
- (f) "Chief of Securities Administration" means the Chief of Securities Administration appointed under the *Securities Act* and includes any Deputy Chief of Securities Administration appointed under that Act;
- (g) "Executive Director" means the Executive Director of the Board;

- (h) “franchise” means
 - (i) a right to engage in a business
 - (A) in which goods or services are sold or offered for sale or are distributed under a marketing or business plan prescribed or suggested in substantial part by the franchise grantor or its associate,
 - (B) that is substantially associated with a trademark, service mark, trade name, logotype, advertising or any business symbol of the franchise grantor or its associate or designating the franchise grantor or its associate, and
 - (C) in which there is a continuing financial interest between the franchise grantor or its associate and the franchise operator in the operation of the franchised business or that required or requires the payment of a franchise fee to the franchise grantor or its associate;
 - (ii) a master franchise, or
 - (iii) any business or arrangement prescribed by the regulations to be a franchise for the purposes of this Act;
- (i) “franchise agreement” means any oral or written agreement between a franchise grantor or its associate and the franchise operator or prospective franchise operator, as the case may be, that relates to a franchise;
- (j) “franchise fee” means a direct or indirect payment to purchase a franchise or to operate the franchised business, but does not include
 - (i) a purchase of or an agreement to purchase a reasonable quantity of goods at a reasonable wholesale price for which there

is an established market, other than the franchise operators of that franchise, or

- (ii) a payment of a reasonable service charge to the issuer of a credit card by an establishment accepting the credit card;
- (k) “franchise grantor” means a person who grants a franchise and includes a subfranchise grantor with regard to its relationship with a subfranchise operator;
- (l) “franchise operator” means a person to whom a franchise is granted and includes
 - (i) a master franchise operator with regard to the master franchise operator’s relationship with a franchise grantor, and
 - (ii) a subfranchise operator with regard to that subfranchise operator’s relationship with a subfranchise grantor;
- (m) “interest in a franchise” includes the ownership of shares in the corporation that owns the franchise;
- (n) “marketing or business plan” means a plan or system concerning a material aspect of conducting business, including, without limitation, any one or more of the following:
 - (i) price specification, special pricing systems or discount plans;
 - (ii) sales or display equipment or merchandising devices;
 - (iii) sales techniques;
 - (iv) promotional or advertising materials or co-operative advertising;
 - (v) training regarding the promotion, operation or management of the business;
 - (vi) operational, managerial, technical or financial guidelines or assistance;
- (o) “master franchise” means the right granted by a franchise grantor to a master franchise operator to

sell or offer franchises for the master franchise operator's own account;

- (p) "master franchise operator" means a person who is granted a master franchise;
- (q) "material fact" means any information that would reasonably be expected to affect a decision of the franchise operator or prospective franchise operator relating to the franchise;
- (r) "Minister" means the member of the Executive Council charged by the Lieutenant Governor in Council with the administration of this Act;
- (s) "misrepresentation" includes
 - (i) an untrue statement of a material fact,
 - (ii) an omission to state a material fact, or
 - (iii) an omission to state a material fact that is necessary to be stated in order for a statement not to be misleading;
- (t) "offer" means
 - (i) any attempt to sell a franchise or an interest in a franchise, or
 - (ii) a solicitation of an offer to buy a franchise or an interest in a franchise;
- (u) "officer" means
 - (i) the chair or vice-chair of the board of directors, or the president, vice-president, secretary, assistant secretary, comptroller, assistant comptroller, treasurer, assistant treasurer or general manager, of a corporation,
 - (ii) any individual who performs functions or acts in a capacity similar to the functions or capacity of the individuals referred to in subclause (i), or
 - (iii) any individual designated as an officer of a corporation by by-law or similar authority of the corporation;

- (v) "person" means an individual, partnership, corporation, unincorporated association, unincorporated organization, trustee, executor, administrator or other legal representative;
- (w) "registered salesperson" means a salesperson registered under Part 3;
- (x) "salesperson" means a person who offers or sells franchises;
- (y) "sell" means a sale or a disposition of a franchise or an interest in a franchise;
- (z) "subfranchise" means a franchise granted by a master franchise operator to a subfranchise operator;
- (aa) "subfranchise grantor" means a person who grants a subfranchise;
- (bb) "subfranchise operator" means a person to whom a subfranchise is granted by a master franchise operator.

(2) A corporation is an affiliate of another corporation where one of them is the subsidiary of the other, where both are subsidiaries of the same corporation or where each of them is controlled by the same person.

(3) A corporation is controlled by another person where

- (a) the voting securities of the corporation carrying more than 50% of the votes that may be cast to elect directors are held, other than for the purpose of collateral for a debt, by or for the benefit of the other person, and
- (b) the votes carried by the securities referred to in clause (a) are sufficient, if exercised, to elect a majority of the board of directors of the corporation;

(4) A corporation is a subsidiary of another corporation where

- (a) it is controlled by
 - (i) the other corporation,
 - (ii) the other corporation and one or more corporations, each of which is controlled by the other corporation, or

- (iii) two or more corporations, each of which is controlled by the other corporation,

or

- (b) it is a subsidiary of a corporation that is the other corporation's subsidiary.

PART 1

PURPOSE AND APPLICATION

Purpose
statement

2 The purpose of this Act is

- (a) to require franchise grantors to disclose information about the franchise, the franchise grantor and its associates and the intended franchise relationship so that prospective franchise operators can make informed investment decisions,
- (b) to establish minimum standards of fair dealing between franchise grantors and their associates and franchise operators throughout franchise relationships, and
- (c) to provide remedies so that disputes between franchise grantors or their associates and franchise operators can be dealt with efficiently and effectively.

Application of
Act

3(1) This Act applies

- (a) to an offer or sale of a franchise made in Alberta if the franchised business is to be operated either partly or wholly in Alberta or if the purchaser is an Alberta resident, or
- (b) to an offer or sale of a franchise made outside Alberta if it is offered or sold to a resident of Alberta and the franchised business is to be operated either partly or wholly in Alberta.

(2) An offer or sale of a franchise is made in Alberta if

- (a) an offer to sell or a sale is made in Alberta,
- (b) an offer to buy is accepted in Alberta,

- (c) an offer to sell is made from Alberta, or
 - (d) an offer to sell or an offer to buy is accepted by communicating the acceptance to a person in Alberta either directly or through an agent in Alberta.
- (3) An offer to sell is not made in Alberta solely
- (a) because the offer appears in a newspaper or other publication of general and regular circulation which had more than 2/3 of its circulation outside Alberta during the past 12 months, or
 - (b) because the offer appears in a broadcast or transmission originating outside Alberta,

unless the publication, broadcast or transmission states that a franchise is available in Alberta.

PART 2

FILING BY FRANCHISE GRANTOR

Filing of
franchise
information

4(1) No person may offer or sell a franchise unless the franchise grantor has filed the following documents with the Chief of Securities Administration:

- (a) a notice of intent to offer or sell, and
 - (b) a disclosure document.
- (2) A notice of intent to offer or sell must comply with the requirements of the regulations respecting the form and contents of the notice.
- (3) The disclosure document must
- (a) provide full, plain and true disclosure of all material facts relating to the franchise proposed to be offered or sold,
 - (b) comply with the requirements of the regulations respecting the form and contents of the disclosure document,
 - (c) contain copies of all proposed franchise agreements, and

- (d) contain financial statements, reports and other documents in accordance with the regulations.

(4) A franchise grantor must file with the Chief of Securities Administration, on a periodic basis in accordance with the regulations, financial statements, reports and other documents prescribed in the regulations.

Filing of
changes

5(1) If any change in a material fact in the information required to be filed under section 4 occurs, the franchise grantor must file the changes with the Chief of Securities Administration in accordance with the regulations and subsection (2).

(2) Changes referred to in subsection (1) must be filed

- (a) before further offers or sales are made, or
- (b) within 10 days from the day on which the change occurs,

whichever is earlier.

(3) Subsection (1) does not apply to a change in a term or condition of a franchise agreement that was negotiated at the request of the prospective franchise operator.

Filings cease

6 The requirements to file under sections 4 and 5 cease

- (a) when the franchise grantor gives a notice to the Chief of Securities Administration that it no longer offers or sells franchises under this Act, or
- (b) when the Board makes an order stating that the franchise grantor is prohibited from offering or selling franchises under this Act.

PART 3

SALESPERSONS

Required to
register

7(1) No person may offer or sell a franchise unless the person is a registered salesperson.

(2) For the purposes of this section, a person is not offering or selling a franchise solely because the person finds, introduces or brings together a prospective franchise operator and a franchise grantor.

(3) An individual who wishes to be registered must file an application with the Chief of Securities Administration.

**Registration
by Chief**

8(1) The Chief of Securities Administration may register an applicant if the applicant

- (a) is an individual,
- (b) is listed on the franchise grantor's notice of intent to sell,
- (c) is an officer or employee of the franchise grantor, and
- (d) in the opinion of the Chief of Securities Administration, is suitable for registration and meets the requirements of the regulations.

(2) A registration is valid for the term prescribed in the regulations unless the term is restricted under section 9(b).

**Restrictions on
salespersons**

9 The Chief of Securities Administration may, if he considers it necessary, do one or more of the following:

- (a) restrict the registration of an applicant or registered salesperson by imposing terms and conditions on the registration;
- (b) restrict the duration of the registration of an applicant or registered salesperson;
- (c) restrict the registration of an applicant or registered salesperson to offers or sales in certain types or classes of franchises.

Bonds

10(1) The Chief of Securities Administration may

- (a) require any applicant or registered salesperson to deliver a bond to him within a specified time, or
- (b) require a registered salesperson who has previously delivered a bond to deliver a new bond to him.

(2) The bond or new bond is to be in an amount, in the form and subject to the terms and conditions set out in the regulations.

Notice of
changes

11(1) In accordance with the regulations, every registered salesperson must, within 7 days of the event, notify the Chief of Securities Administration of the following:

- (a) any change in the registered salesperson's business address;
- (b) every commencement of employment with a franchise grantor;
- (c) every termination of employment with a franchise grantor;
- (d) any other change required by the regulations.

(2) The Chief of Securities Administration may amend the registration of the registered salesperson on receipt of the information under subsection (1) or if there is a change in the restrictions referred to in section 9.

Refusal to
register

12 An applicant or registered salesperson must be given an opportunity to be heard by the Chief of Securities Administration before the Chief of Securities Administration

- (a) refuses to grant or amend a registration, or
- (b) imposes terms and conditions or restrictions under section 9.

Commence-
ment of
registration

13 Registration does not take effect until the applicant has received written notice from the Chief of Securities Administration that registration has been granted.

Ceasing of
registration

14(1) Registration of a salesperson ceases to have effect

- (a) when the term of the registration expires,
- (b) when the registered salesperson gives a notice to the Chief of Securities Administration that he is no longer offering or selling franchises under this Act,
- (c) when the registered salesperson is no longer employed by the franchise grantor to offer or sell franchises or is no longer an officer of the franchise grantor,

- (d) when the franchise grantor who employs the registered salesperson or for whom the registered salesperson is an officer gives the Chief of Securities Administration a notice under section 6(a),
 - (e) when the registration is cancelled by the Board, or
 - (f) for the period that the registration has been suspended by the Board.
- (2) The franchise grantor must give a notice to the Chief of Securities Administration of every registered salesperson who ceases to be employed by the franchise grantor or who ceases to be an officer of the franchise grantor within 10 days of the event.
- (3) A registered salesperson remains liable in any action under this Act although the salesperson's registration has ceased to have effect.

PART 4

GIVING OF DISCLOSURE DOCUMENT TO PROSPECTIVE FRANCHISE OPERATOR

Giving of
document to
franchise
operator

15(1) A franchise grantor must give to a prospective franchise operator a copy of the most recent disclosure document and other information referred to in section 4 and any changes required to be filed under section 5.

- (2) The disclosure document, information and changes must be
- (a) personally given to a prospective franchise operator at the first personal business meeting that is held for the purpose of discussing the offer or sale of a franchise, or
 - (b) received by the prospective franchise operator at least 14 days before
 - (i) the signing by the prospective franchise operator of any agreement relating to the franchise, or
 - (ii) the payment of any consideration by the prospective franchise operator relating to the franchise,

whichever is earlier.

(3) A franchise grantor must give to a prospective franchise operator a statement of any changes in a material fact occurring after the disclosure document, information and changes referred to in subsection (2) have been given to the prospective franchise operator.

(4) The changes must be given as soon as possible after the changes have occurred but not later than 24 hours before

- (a) the signing by the prospective franchise operator of any agreement relating to the franchise, or
- (b) the payment of any consideration by the prospective franchise operator relating to the franchise,

whichever is earlier.

PART 5

EXEMPTIONS

Statutory
exemptions

16(1) The following are exempt from sections 4, 5, 7, 11 and 15:

- (a) the offer or sale of a franchise by a franchise operator if
 - (i) the franchise operator is not the franchise grantor or an associate of the franchise grantor or a director, officer or employee of the franchise grantor or its associate,
 - (ii) the offer or sale is for the franchise operator's own account,
 - (iii) in the case of a master franchise, the entire franchise is offered or sold,
 - (iv) the offer or sale is not effected by or through the franchise grantor, and
 - (v) in the 5 years before making an offer to sell, the franchise operator has not sold a franchise;
- (b) the offer or sale of a franchise to a person who has been for at least 2 years an officer or director of the franchise grantor or its associate for that person's own account;

- (c) the offer or sale of an additional franchise to an existing franchise operator if that additional franchise is substantially the same as the franchise that the franchise operator has operated for at least 2 years at the time of the offer or sale;
- (d) a renewal or extension of an existing franchise agreement if there is no interruption in the operation of the franchised business and there is no significant change in the franchise relationship;
- (e) the offer or sale of a franchise if the franchise operator is required to make a total annual investment of \$1000 or less to acquire and operate the franchise;
- (f) the offer or sale of a franchise by an executor, administrator, sheriff, receiver, trustee, trustee in bankruptcy or guardian on behalf of a person other than the franchise grantor or the estate of the franchise grantor;
- (g) the offer or sale of a right to a person to sell goods or services within or adjacent to a retail establishment as a department or division of the establishment, if the person is not required to purchase goods or services from the operator of the retail establishment.

(2) For the purpose of subsection (1)(a)(iv), a sale is not effected by or through a franchise grantor if

- (a) the prospective franchise operator merely signs franchise agreements with terms that do not differ in a material way from the franchise agreements with the existing franchise operator, or
- (b) the franchise grantor has a reasonable right to approve or disapprove the sale or requires payment of a reasonable transfer fee.

(3) For purposes of subsection (1)(d), an interruption in the operation of the franchised business solely for the purpose of renovating or relocating that business is not a significant change in the franchise relationship or an interruption in the operation of the franchised business.

Discretionary
exemptions

17(1) The Board may, if it is satisfied that to do so would not be prejudicial to the public interest, make an order exempting an offer or sale of a franchise or class or type of offer, sale or franchise from any one or more of the following:

- (a) section 4;
- (b) section 5;
- (c) section 7;
- (d) section 11;
- (e) section 15;
- (f) a regulation or part of a regulation made under this Act.

(2) The order may be made by the Board on its own motion or on an application of a person directly affected by the offer or sale in respect of which the application is being made.

(3) The order may be subject to any terms or conditions that the Board considers necessary.

(4) The order may come into force on a date prior to the date on which the order is made.

PART 6

RELATIONSHIP STANDARDS

Division 1

Duties and Obligations of All Parties

Good faith

18(1) Every party to a franchise agreement must perform and enforce the agreement in good faith.

(2) Good faith means honesty in fact and the observance of reasonable commercial standards of fair dealing throughout the franchise relationship.

(3) Neither the franchise grantor or its associate nor the franchise operator may impose unreasonable performance standards on the other with respect to the franchise.

(4) If a franchise agreement contains any unilateral, arbitrary or discretionary right, the party exercising the right must exercise it in a commercially reasonable manner, balancing the interests of the

franchise grantor, the franchise operator and the collective interests of the franchise grantor and all the franchise operators of that franchise grantor.

Payments
into trust

19 If either a franchise grantor, its associate or a prospective franchise operator requests, investments or other funds to be paid by any of those parties to one another must be placed in trust in accordance with the regulations.

Non-renewal
of franchise
agreement

20(1) A franchise grantor or its associate may not refuse to renew a franchise agreement unless the franchise operator has received 6 months' notice of the refusal, and

- (a) the franchise operator will be entitled to continue to conduct substantially the same type of business in the same area after the expiration of the franchise agreement, or
- (b) the franchise operator will be compensated either by repurchase or by other means for the fair market value of the franchised business, as if the franchise agreement had been renewed.

(2) Unless the franchise grantor or its associate agrees, subsection (1)(a) does not give the right to the franchise operator to use any trade mark or other proprietary information of the franchise grantor or its associate.

(3) If the parties cannot agree on the terms of the renewal, the terms of the renewal must be at least substantially the same as the terms being offered to prospective franchise operators.

Termination of
franchise
agreement

21(1) A franchise grantor or its associate may not unilaterally terminate a franchise agreement before its expiration unless there is good cause.

(2) For the purposes of this section, "good cause" includes the following:

- (a) the failure of the franchise operator
 - (i) to comply with a lawful material provision of the franchise agreement after receiving a notice and a 10-day period to cure the default, or

- (ii) if the default cannot be cured within the 10-day period, to initiate within the 10-day period substantial continuing action to cure the default;
- (b) without the requirement of notice or an opportunity to cure the default, situations in which the franchise operator
 - (i) is bankrupt or is declared legally insolvent;
 - (ii) makes an assignment for the benefit of creditors or a similar disposition of the assets of the franchised business;
 - (iii) voluntarily abandons the franchised business;
 - (iv) is convicted of an offence under a law in force in Alberta that substantially impairs the goodwill associated with the franchise grantor's trademark, service mark, trade name, logotype, advertising or commercial symbol;
 - (v) repeatedly fails to comply with a lawful, material provision of the franchise agreement, and the enforcement of the provision is similar to that imposed on all other franchise operators;
 - (vi) operates the franchised business in a manner that endangers public health or safety.

Transfer of
franchise

22(1) A franchise grantor or its associate may not refuse to approve a transfer of a franchise or an interest in a franchise unless there is good cause.

(2) For purposes of this section, "good cause" includes the following:

- (a) the prospective franchise operator fails to meet the franchise grantor's written reasonable standards then in effect for a new franchise operator;
- (b) the prospective franchise operator or its associate is a competitor of the franchise grantor or its associate;

- (c) the prospective franchise operator is unable or unwilling to be bound by a lawful obligation imposed by the existing franchise agreement;
- (d) a franchise operator or the prospective franchise operator fails to cure a default in a franchise agreement with the franchise grantor or its associate existing at the time of the proposed transfer.

(3) If approval of a transfer is required, the franchise grantor or its associate may not unreasonably withhold that approval.

(4) A franchise grantor or its associate is deemed to have approved a transfer unless the franchise operator receives written notice of the reasons for disapproval within 30 days of the franchise grantor's or its associate's receipt of the written notice of the proposed transfer.

**Requirements
of notices**

23(1) A notice under section 20, 21 or 22, other than a notice referred to in subsection (2),

- (a) must be in writing, and
- (b) must contain a statement of the intention to not renew, to terminate or to refuse to transfer the franchise, as the case may be,
 - (i) together with the reasons for the non-renewal, termination or refusal to transfer, and
 - (ii) the effective date of the non-renewal or termination.

(2) A notice of a request to transfer a franchise by a franchise operator must be in writing.

(3) Any notice required under this Division not complying with this section is void.

**Franchise
operator's
right to
associate**

24(1) A franchise grantor must not prohibit or restrict a franchise operator from forming an organization of franchise operators or from associating with other franchise operators in any organization of franchise operators.

(2) A franchise grantor may not directly or indirectly penalize a franchise operator for engaging in the activities described in subsection (1).

Division 2

Duties and Obligations of Franchise Operator

- Disclosure by prospective franchise operator
- 25** A prospective franchise operator must give information to the franchise grantor that the franchise operator knows or should know is relevant to or would have an effect on the decision of the franchise grantor to enter into a franchise agreement with that franchise operator.
- Continuing obligations of franchise operator
- 26** A franchise operator who becomes aware of a contravention of this Act or the regulations by a franchise grantor or its associate or salesperson that causes a loss to the franchise operator must
- (a) take reasonable steps to minimize the loss, and
 - (b) promptly take reasonable steps to resolve the matter with the franchise grantor, associate or salesperson who the franchise operator believes is responsible for the loss.

Division 3

Duties and Obligations of Salespersons

- Good faith
- 27** A salesperson must act in good faith in dealings with a prospective franchise operator and must not knowingly mislead or make any misrepresentations to a prospective franchise operator.

PART 7

DISPUTE RESOLUTION AND COURT REMEDIES

Division 1

Dispute Resolution

- Resolution by parties
- 28(1)** If a dispute relating to a franchise arises between the franchise operator and the franchise grantor or its associate, the parties to the dispute must first attempt to resolve the dispute themselves.
- (2)** If the dispute is not resolved under subsection (1), the parties must arbitrate the dispute in accordance with the *Arbitration Act*, unless the franchise operator decides to start court proceedings instead of arbitration proceedings.

Division 2
Damages, Cancellation and Other Remedies

Misrepresentation in disclosure document

29(1) If a franchise operator suffers a loss because of a misrepresentation contained in a disclosure document filed under section 4 or 5 or given under section 15, the franchise operator has a right of action for damages against any or all of the following:

- (a) the franchise grantor;
- (b) every director of the franchise grantor at the time the disclosure document was filed or was given, as the case may be;
- (c) every person whose consent has been filed pursuant to a requirement of the regulations, but only with respect to reports, opinions or statements that have been made by them;
- (d) every person, other than those persons referred to in clauses (a), (b) and (c), who signed the disclosure document.

(2) If a disclosure document filed under section 4 or 5 or given under section 15 contains a misrepresentation, a franchise operator who purchases a franchise to which the disclosure document relates during the period that the filing is in effect is deemed to have relied on the misrepresentation.

Defence to liability

30(1) No person is liable in an action under section 29 if the person proves that the franchise operator purchased the franchise with knowledge of the misrepresentation.

(2) No person, other than the franchise grantor, is liable in an action under section 29 if the person proves

- (a) that the disclosure document was filed without his knowledge or consent and that on becoming aware of its filing he promptly gave reasonable general notice that it was filed without his knowledge and consent;
- (b) that, after the filing of the disclosure document and before the purchase of the franchise by the franchise operator, on becoming aware of any misrepresentation in the disclosure document he withdrew his consent to it and gave reasonable general notice of the withdrawal and the reason for it;

- (c) that, with respect to any part of the disclosure document purporting to be made on the authority of an expert or purporting to be a copy of or an extract from a report, opinion or statement of an expert, he had no reasonable grounds to believe and did not believe that
 - (i) there was a misrepresentation,
 - (ii) the part of the disclosure document did not fairly represent the report, opinion or statement of the expert, or
 - (iii) the part of the disclosure document was not a fair copy of or extract from the report, opinion or statement of the expert;
- (d) that, with respect to any part of the disclosure document purporting to be made on his own authority as an expert or purporting to be a copy of or an extract from his own report, opinion or statement as an expert but containing a misrepresentation attributable to a failure to represent his report, opinion or statement as an expert fairly,
 - (i) he had, after reasonable investigation, reasonable grounds to believe and did believe that the part of the disclosure document fairly represented his report, opinion or statement, or
 - (ii) on becoming aware that the part of the disclosure document did not fairly represent his report, opinion or statement as an expert, he promptly advised the Chief of Securities Administration and gave reasonable general notice that misuse had been made of it and that he would not be responsible for that part of the disclosure document.

(3) No person, other than the franchise grantor, is liable in an action under section 29 with respect to any part of the disclosure document purporting to be made on his own authority as an expert or purporting to be a copy of or an extract from his own report, opinion or statement as an expert unless he

- (a) did not conduct an investigation sufficient to provide reasonable grounds for believing that there was no misrepresentation, or

(b) believed there was a misrepresentation.

(4) No person, other than the franchise grantor, is liable in an action under section 29 with respect to any part of the disclosure document not purporting to be made on the authority of an expert and not purporting to be a copy of or an extract from a report, opinion or statement of an expert unless he

(a) did not conduct an investigation sufficient to provide reasonable grounds for believing that there was no misrepresentation, or

(b) believed there was a misrepresentation.

Breach of
relationship
standards

31 If a franchise operator suffers a loss because of a contravention of section 19, 20, 21, 22 or 24 by the franchise grantor or its associate, the franchise operator has a right of action for damages against

(a) the franchise grantor or its associate, as the case may be, and

(b) every director of the franchise grantor or its associate, as the case may be.

Breach of
obligations by
salesperson

32 If a franchise operator suffers a loss because of a contravention of section 27, the franchise operator has a right of action for damages against the salesperson, the franchise grantor and every director of the franchise grantor.

Effect of
obligations

33 Failure by a franchise operator or franchise grantor or its associate to fulfil the responsibilities referred to in Part 6 may be considered in assessing or apportioning damages.

Joint and
several liability

34 All or any one or more of the persons who are found to be liable or who accept liability are jointly and severally liable.

Unconscion-
able
agreements

35 If in an action a court finds a franchise agreement or any part of a franchise agreement to be unconscionable, the court may

(a) refuse to enforce the franchise agreement,

(b) refuse to enforce the unconscionable clause.

- (c) enforce the franchise agreement or clause in a way that will avoid any unconscionable result, or
- (d) make any other order it considers appropriate in the circumstances.

Failure to file **36** If a franchise grantor fails to file a disclosure document under section 4(1) or (4), or changes under section 5, a franchise operator may cancel the franchise agreement by sending a notice of cancellation to the franchise grantor or its associate, as the case may be, no later than 180 days after discovering the contravention.

Failure to give disclosure document **37** If a franchise grantor contravenes section 15, a franchise operator may cancel the franchise agreement by giving a notice of cancellation to the franchise grantor or its associate, as the case may be, no later than 60 days after receiving the documents referred to in section 15.

Effect of cancellation **38(1)** A notice of cancellation given under section 36 or 37 operates

- (a) to cancel the franchise agreement, or
- (b) when the agreement is an offer to purchase, to withdraw the offer to purchase.

(2) The franchise grantor or its associate, as the case may be, must, within 30 days of receiving a notice of cancellation under section 36 or 37, compensate the franchise operator for any losses that the franchise operator has incurred in acquiring, setting up and operating the franchised business including

- (a) repaying all money that has been paid to the franchise grantor, its associate and the salesperson in respect of the franchise;
- (b) compensating the franchise operator for the expenses that the franchise operator has incurred in establishing the franchised business.

Other rights at law **39** A right of action or the right to cancel a franchise agreement conferred by this Division is in addition to and does not derogate from any other right a franchise operator may have at law.

Division 3
Actions on Behalf of Franchise Operators

Action by
franchise
operator
association

40(1) In this section, “franchise operator association” means a corporation that has as its primary objective the protection or advancement of the interests of franchise operators.

(2) A franchise operator association may start proceedings in the Court of Queen’s Bench against a franchise grantor in respect of an activity that the franchise operator association alleges contravenes this Act in the same manner as a franchise operator could start those proceedings.

(3) A franchise operator association does not need to have an interest in or be affected by the subject-matter of the proceedings in order to start proceedings under subsection (1).

(4) When proceedings are started under this section, the Court may order a franchise operator association to give security for the costs of the proceedings in an amount the Court considers proper.

(5) If a franchise operator association is successful in its claim, the Court may do any or all of the following:

- (a) declare that the franchise grantor has contravened this Act or the regulations;
- (b) grant an injunction restraining the franchise grantor from engaging in the activity or a similar activity that would or could contravene this Act;
- (c) award costs.

PART 8

ENFORCEMENT

Investigations

41(1) The Chief of Securities Administration may make any investigations that the Chief of Securities Administration considers necessary

- (a) in respect of the administration of this Act and the regulations, or
- (b) into any matter relating to the offer or sale of franchises.

(2) In conducting an investigation, the Chief of Securities Administration may require a person

- (a) to give written replies to questions, and
- (b) to give to the Chief of Securities Administration any information he considers necessary for the investigation.

Order to enter
and search

42(1) If the Chief of Securities Administration has reason to believe that this Act is not being complied with, the Chief of Securities Administration may apply to the Provincial Court for an order authorizing the Chief of Securities Administration to enter and search anywhere for evidence that this Act has been contravened or of the extent of the contravention.

- (2) The application may be made without notice to any person.
- (3) The Court may make any order it considers appropriate, with or without conditions.

Effect of entry
and search
order

43(1) If an entry and search order is made, the Chief of Securities Administration may look at, take away, take extracts from or copy anything relevant to the search.

(2) The Chief of Securities Administration must give to the person who is in control of the premises that have been entered and searched a receipt for anything taken away after a search and must return the original as soon as possible after it is removed.

(3) If the Chief of Securities Administration keeps the original, the Chief of Securities Administration must allow the owner of the original to have reasonable access to it.

Appeal of
entry and
search order

44(1) A person may apply to the Court of Queen's Bench

- (a) to have an entry and search order changed or cancelled, or
- (b) for an order declaring that an entry and search order was improperly made.

(2) The Court may make any order it considers appropriate, with or without conditions.

Information
to be
confidential

45(1) Anything acquired and all information or evidence obtained pursuant to an investigation under this Part is confidential and may not be disclosed except with the consent of the Chief of Securities Administration.

(2) Where the Chief of Securities Administration considers it in the public interest to do so, the Chief of Securities Administration may by order at any time authorize, on any terms or conditions that the Chief of Securities Administration considers appropriate in the circumstances, the release of information, records, documents or things obtained under an investigation under this Part, or copies of them, to

- (a) any person, or
- (b) any government, government agency or regulatory organization that is empowered by the laws of a jurisdiction to administer or regulate franchises.

Rules
governing
hearings

46(1) The Board may by regulation make rules respecting hearings and its proceedings.

(2) For the purposes of a hearing before the Board in addition to the rules made under subsection (1), the following applies:

- (a) the Board has the same power as is vested in the Court of Queen's Bench for the trial of civil actions
 - (i) to summon and enforce the attendance of witnesses,
 - (ii) to compel witnesses to give evidence under oath or otherwise, and
 - (iii) to compel witnesses to produce documents, records, agreements and things;
- (b) the failure or refusal of a person summoned as a witness to attend a hearing, to answer questions or to produce documents, records, agreements and things that are in that person's custody or possession makes that person, on application to the Court of Queen's Bench by the Board, liable to be committed for contempt by the Court of Queen's Bench in the same manner as if that person was in breach of an order or judgment of that Court;
- (c) the laws of evidence applicable to judicial proceedings do not apply.

Orders by
Board

47(1) The Board may, on its own motion or on application of the Chief of Securities Administration, order

- (a) that offers or sales of franchises cease in respect of any franchise;
- (b) that a person be prohibited from offering or selling franchises;
- (c) that the registration of a salesperson be suspended, cancelled, restricted or subject to terms or conditions;
- (d) that a registered salesperson be reprimanded;
- (e) that any or all of the exemptions contained in section 16 do not apply to the person or franchise named in the order;
- (f) that any exemption given under section 17 be suspended or revoked.

(2) Before making an order under subsection (1), the Board must conduct a hearing.

Interim orders

48(1) Despite anything in this Act, where

- (a) this Act permits the Board or the Chief of Securities Administration to conduct a hearing or to make a decision after conducting a hearing or after giving a person an opportunity to have a hearing, and
- (b) in the opinion of the Board or the Chief of Securities Administration before whom the hearing is to be held, the length of time required to conduct a hearing and make a decision could be prejudicial to the public interest,

the Board or the Chief of Securities Administration, as the case may be, may make an interim order at any time without conducting or concluding a hearing.

(2) An interim order expires 15 days from the day that it was made.

(3) Despite subsection (2), if

- (a) an interim order is made under subsection (1), and

- (b) the Board or the Chief of Securities Administration is of the opinion that it would not be prejudicial to the public interest to do so,

the Board or the Chief of Securities Administration may, without conducting a hearing, extend the interim order until a hearing is conducted or concluded and a decision is made.

(4) Where the Board or the Chief of Securities Administration makes an interim order, the Board or the Chief of Securities Administration, as the case may be, must send

- (a) a copy of the interim order, and
- (b) an accompanying notice of hearing,

to any person that, in the opinion of the Board or the Chief of Securities Administration, is substantially affected by the order.

Revoke or
vary decisions

49(1) The Board may, if in its opinion to do so would not be prejudicial to the public interest, make an order revoking or varying any decisions made by it.

(2) With respect to a decision made by the Chairman, the Chairman may make an order revoking or varying that decision if the Chairman

- (a) has acted alone in making the decision, and
- (b) is of the opinion that to do so would not be prejudicial to the public interest.

Filing of order
of the Board

50(1) Where the Board has made an order after conducting a hearing, the Board may, at any time, file a certified copy of the order with the clerk of the Court of Queen's Bench,

(2) On being filed with the clerk of the Court of Queen's Bench, the order has the same force and effect as if it were a judgment of the Court of Queen's Bench.

Undertakings

51(1) In this section and section 52, "undertaking" means a written commitment to the Chief of Securities Administration or the Board by

- (a) a franchise grantor or its associate or any directors, officers or employees of the franchise grantor or associate, or

(b) a salesperson.

(2) When the Chief of Securities Administration is of the opinion that a person referred to in subsection (1)(a) or (b) is not complying with this Act, the person may enter into an undertaking with the Chief of Securities Administration or the Board.

(3) An undertaking may include any of the following:

- (a) to stop engaging in the practice described in the undertaking or to change the practice;
- (b) to provide compensation to franchise operators who have incurred a loss;
- (c) to publicize the undertaking or the action being taken to stop or change a former practice;
- (d) to pay the costs of an investigation, hearing and any costs associated with the undertaking;

or any other provision that the Chief of Securities Administration or the Board and the person agree on.

(4) The contents and form of an undertaking must be satisfactory to the Chief of Securities Administration or the Board.

(5) The Chief of Securities Administration must keep a public record of undertakings given under this section.

Order to
comply

52(1) If it appears to the Chief of Securities Administration that a person has failed to comply with or is contravening any undertaking made by that person to the Chief of Securities Administration, the Chief of Securities Administration may apply to the Board for an order.

(2) The Board may

- (a) order that person to comply with the undertaking,
- (b) restrain that person from contravening that undertaking, or
- (c) make any other order that it considers appropriate.

Limitation
period

53 No proceedings under this Part may be commenced more than 3 years after the day of the occurrence of the event that gave rise to the proceedings.

PART 9

APPEALS

Appeal to
Board

54(1) Any person directly affected by a decision of the Chief of Securities Administration or of a person delegated by the Chief of Securities Administration to make a decision under this Act or authorized by the Board under section 70(3) may appeal that decision to the Board within 30 days from the day the notice of the decision was sent to that person.

(2) On conducting an appeal, the Board may by order confirm the decision or make any other order the Board considers proper.

Appeal to
Court of
Appeal

55(1) Any person directly affected by a decision or order of the Board, other than an order under section 17, may appeal to the Court of Appeal.

(2) An appeal under this section is commenced by serving a notice of appeal within 30 days from the day that the Board sends the notice of its decision or order to the person appealing the decision or order.

(3) On commencing an appeal under this section the appellant must serve the Executive Director with the notice of appeal and supporting documents.

(4) The Executive Director is to certify to the registrar of the Court of Appeal

- (a) the decision or order that was appealed to the Board,
- (b) in the case of an order of the Board, any statement of reasons for the order,
- (c) the record of the proceedings before the Board, and
- (d) all written submissions to the Board and other material, if any, that are relevant to the appeal.

(5) The practice and procedure in the Court of Appeal in respect of an appeal is the same as on an appeal from a judgment of the Court of Queen's Bench in an action.

(6) The Court of Appeal may

- (a) confirm, vary or reject the decision or order of the Board,
- (b) direct the Board to re-hear or review the matter, or
- (c) make any decision or order that the Board could have made.

(7) The Chief of Securities Administration may not commence an appeal under this section.

PART 10

OFFENCES AND PENALTIES

Offences

56 A person is guilty of an offence who

- (a) makes a misrepresentation in respect of any material submitted or given under this Act or the regulations to the Board, its representative, the Chief of Securities Administration or any person appointed to make an investigation or audit under this Act,
- (b) makes a misrepresentation in any information, report or other document required to be filed or furnished under this Act or the regulations,
- (c) fails to comply with any order of the Board or the Chief of Securities Administration made under this Act,
- (d) fails to file within the time limits prescribed by this Act or the regulations, any document, record or report required to be filed under this Act or the regulations,
- (e) contravenes section 4, 5, 7, 11, 15, 18, 19, 20, 21, 22, 24, 27, 58, 67 or 69,
- (f) interferes with an investigation under section 41,
- (g) fails to comply with an undertaking given under section 51, or
- (i) contravenes a regulation made under section 78.

**Representa-
tions**

57 A person who makes any representation that the Commission, the Agency, the Board, a member of the Board, an employee of the Board or the Agency, the Chief of Securities Administration or a Deputy Chief of Securities Administration has in any manner expressed an opinion or passed judgment on

- (a) the financial standing, fitness or conduct of a franchise grantor or its associate, or
- (b) the merits of a franchise

is guilty of an offence.

**Pyramid
franchises**

58(1) No person may offer or sell a pyramid franchise.

(2) In this section,

- (a) “compensation” means money, credits, discounts, goods or any other right or thing of value;
- (b) “pyramid franchise” means a franchise where
 - (i) a participant is required or receives the right to recruit one or more other persons as participants who are subject to a similar requirement or who obtain a similar right,
 - (ii) a participant has the right to receive compensation the amount of which is dependent on the number of participants, and
 - (iii) any one or more of the following exists:
 - (A) the majority of the compensation to the participants involved will not be derived from the sale of goods or services to the public;
 - (B) participants who obtain goods pursuant to the franchise do not receive a refund of the cost price of unsold inventory on termination of the franchise agreement;
 - (C) there is no reasonable limitation on the number of participants to

be located in any area in relation to the population within the area;

- (D) the franchise contravenes any other requirement prescribed by the regulations.

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| Limitation for prosecution | 59 No prosecution under this Part may be commenced more than 3 years after the commission of the offence. |
| Penalties | 60 An individual who is guilty of an offence is liable to a fine not exceeding \$100 000 and in default of payment to imprisonment for not more than 24 months. |
| Corporations | 61 A corporation that is guilty of an offence is liable to a fine not exceeding \$250 000. |
| Directors, officers and others | 62 If a corporation has failed to comply with this Act, every officer, director, employee or other person who directed, authorized, assented to, knowingly acquiesced in or knowingly participated in the failure is guilty of an offence and is liable to a fine not exceeding \$100 000 and in default of payment to imprisonment for not more than 24 months, whether or not the corporation has been prosecuted or convicted for the failure. |

PART 11

DELEGATED REGULATORY ORGANIZATIONS

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| Regulatory organizations | <p>63(1) The Lieutenant Governor in Council may establish regulatory organizations consisting of the members appointed by the Lieutenant Governor in Council.</p> <p>(2) The Lieutenant Governor in Council may provide for the number of members of a regulatory organization, the method of appointment of the members, the terms of office of the members and the filling of vacancies.</p> <p>(3) A regulatory organization established under this section is a corporation.</p> <p>(4) A regulatory organization must exercise the powers, duties and functions delegated to it under section 66.</p> |
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By-laws

64(1) A regulatory organization may make by-laws

- (a) respecting the conduct of the business and affairs of the organization;
- (b) respecting the calling of meetings of the members and the conduct of business at those meetings;
- (c) respecting the appointment, removal, functions, powers, duties, remuneration and benefits of members, officers and employees of the organization;
- (d) respecting the delegation to the officers of the organization or any committee of it any powers of the organization required to manage the business and affairs of the organization, except the power to make by-laws;
- (e) respecting the establishment, membership, duties and functions of special, standing and other committees.

(2) A by-law made by a regulatory organization is not effective until it is approved by the Board.

(3) The *Regulations Act* does not apply to a by-law of a regulatory organization.

Report

65 A regulatory organization must provide the Minister with any reports required by regulation.

**Delegation of
Chief's duties**

66(1) The Minister may, in writing, with or without conditions,

- (a) delegate to an individual or a regulatory organization under this Act any power, duty or function of the Chief of Securities Administration under this Act, and
- (b) amend or revoke a delegation under this subsection.

(2) With the approval of the Minister, the Chief of Securities Administration may, in writing, with or without conditions,

- (a) delegate to a regulatory organization under this Act any or all of his powers, duties or functions under this Act, and
- (b) amend or revoke a delegation under this subsection.

PART 12

PLAIN LANGUAGE FRANCHISE AGREEMENTS

Plain language
agreements

67(1) Every franchise grantor must ensure that every franchise agreement to which the franchise grantor or its associate is a party is in readily understandable language and form.

(2) Subsection (1) does not apply to words or a form of an agreement that is required by law.

(3) Proof that reasonable efforts have been made to comply and maintain compliance with subsection (1) is a complete defence

(a) in a prosecution under subsection (1), or

(b) in a dispute about whether subsection (1) has been complied with.

PART 13

GENERAL, ADMINISTRATION AND REGULATIONS

Filing of
documents

68(1) A document is filed under section 4, 5 or 7 when it is received by the Chief of Securities Administration with the prescribed fee.

(2) A document filed under this Act, except information under section 7, is public unless the Chief of Securities Administration specifies otherwise.

Maintenance
of records

69 A franchise grantor must, in accordance with the regulations, at all times keep and maintain and make available to the Chief of Securities Administration when requested, a complete set of books, records and accounts of its offers and sales of franchises.

Delegation of
power

70(1) For the purposes of section 17, the Chairman may, unless the applicant requests otherwise, act as the Board.

(2) The Board may authorize in writing any member of the Board, including the Chairman or Vice-chairman, to act as the Board to do any act or thing required or permitted to be done by the Board under this Act or the regulations.

(3) The Board may authorize in writing the Chief of Securities Administration or any employee of the Agency to do any act or

thing required or permitted to be done by the Board under this Act or the regulations.

(4) A written authorization made under subsection (1), (2) or (3) may be

- (a) general or applicable to a particular case, and
- (b) conditional or unconditional.

(5) Notwithstanding that the Board has given an authorization under this section, it may do the act or thing in respect of which the authorization was given.

Delegation

71 The Chief of Securities Administration may delegate any power or duty under this Act or the regulations to any employee of the Agency.

Sending of documents

72(1) Unless otherwise provided by this Act or ordered by the Chief of Securities Administration, any document required to be sent or given under this Act or the regulations may be

- (a) personally delivered to the person that is to receive it,
- (b) sent by mail to the person that is to receive it, or
- (c) sent to the person that is to receive it by electronic means that produces a printed copy.

(2) A document sent to a person under subsection (1)(b) or (c) is to be sent to the person

- (a) at the most recent address for that person known by the sender of the document, or
- (b) in the case of a franchise grantor or salesperson, at the address for service in Alberta filed by that person with the Chief of Securities Administration.

(3) A document that is sent by the Board or the Chief of Securities Administration by mail is deemed, unless the contrary is proved, to have been received by the person to whom it is sent on the 7th day from the day that the document is sent.

(4) If a document referred to in subsection (1) is sent to a person by mail and is returned on 3 successive occasions because the person cannot be found, there is no further requirement to send any

further documents to that person until the person gives the sender notification in writing of a new address.

Admissibility of
certified
statements

73 A statement as to

- (a) the registration or non-registration of any person,
- (b) the filing or non-filing of any document or material with the Chief of Securities Administration, or
- (c) a matter other than one referred to in clause (a) or (b) pertaining to the registration, non-registration, filing or non-filing or to any person, document or material,

purporting to be certified by the Board, a member of the Board or the Chief of Securities Administration is, without proof of the office or signature of the person certifying the statement, admissible in evidence for all purposes in any action, hearing, prosecution or other proceeding.

Service on
Board or
Agency

74 Service of a document may be effected

- (a) in the case of a document to be served on the Board, by serving the document on the Executive Director;
- (b) in the case of a document to be served on the Agency, by serving the document on the Chief of Securities Administration.

Waiver of Act
void

75 Any waiver by a franchise operator of a right or obligation contained in this Act, the regulations or any order made under this Act is void.

Limit on
jurisdictional
choice

76 Any provision in a franchise agreement restricting jurisdiction or venue to any forum outside Alberta is void with respect to a claim otherwise enforceable under this Act in Alberta.

Burden of
proof

77 In any proceeding under this Act, the burden of proving

- (a) an exemption, or
- (b) an exclusion from a definition

is on the person claiming it.

78 The Lieutenant Governor in Council may make regulations

- (a) prescribing a business or arrangement to be a franchise for the purposes of this Act;
- (b) respecting the form and contents of a notice of intent to offer or sell;
- (c) respecting the form and contents of disclosure documents and changes to information referred to in section 5(1);
- (d) respecting the giving of information to the public or to the Board, the Agency or the Chief of Securities Administration by a registrant in connection with franchises or offers or sales of them;
- (e) respecting the form and content of financial statements, reports and other documents required to be contained in a disclosure document;
- (f) respecting the preparation and filing of financial statements and the audit requirements with respect to the financial statements;
- (g) respecting the periods for which the documents referred to in section 5(2) are to be filed;
- (h) respecting the form of notice referred to in section 6(a);
- (i) respecting the requirements for being registered as a salesperson;
- (j) respecting applications for registration and renewal of registration for salespersons;
- (k) respecting the form and content of the notice of changes to information provided by a salesperson under section 11;
- (l) respecting the term of a registration as a salesperson;
- (m) regulating the offer or sale of franchises;
- (n) respecting the keeping, maintaining and making available of the books, records and accounts of franchise grantors;

- (o) respecting the amount, form and contents of a bond and the terms and conditions of a bond;
- (p) respecting the documents, reports, statements, notices, agreements and other information required to be filed or given under this Act and the regulations and the form, contents and other particulars of them;
- (q) respecting the establishment, form and contents of a trust for the purposes of section 19;
- (r) prescribing the practice and procedure of investigations under section 41;
- (s) respecting fees;
- (t) defining terms used in this Act that are not defined in this Act;
- (u) governing costs in respect of matters heard before the Board or the Chief of Securities Administration;
- (v) governing costs of investigations under section 41;
- (w) prescribing rules and procedures governing public inspection of certain documents, certificates, statements, reports and other information maintained by the Board, the Agency or the Chief of Securities Administration;
- (x) restricting any exemptions set out in section 16;
- (y) governing undertakings referred to in section 51;
- (z) respecting any matter necessary or advisable to carry out the intent and purpose of this Act effectively.

Transitional Provisions, Consequential Amendments, Repeal and Commencement

- Transitional **79(1)** *This Act applies to the offer or sale of franchises made after this Act comes into force.*
- (2)** *This Act, except sections 19 to 23, applies to franchises sold before this Act comes into force.*
- (3)** *Sections 19 to 23 apply to a franchise sold before this Act comes into force when*

- (a) *the agreement under which the franchise was granted is renewed, amended or transferred, or*
- (b) *3 years has elapsed since this subsection came into force,*

whichever is earlier.

Transitional

80(1) *In this section, "former Act" means the Franchises Act, RSA 1980 cF-17, as it read immediately before the coming into force of this Act.*

(2) *A franchise grantor is deemed to have complied with section 4 if*

- (a) *the registration of the franchise being offered or sold was in effect immediately before this Act came into force, and*
- (b) *the franchise grantor filed a prospectus for which a receipt was issued under section 12 of the former Act.*

(3) *Despite subsection (2), a franchise grantor must file the documents referred to in section 4*

- (a) *within 60 days after this section comes into force, or*
- (b) *when the registration of the franchise being offered or sold has expired or ceases to have effect,*

whichever occurs first.

(4) *A salesperson registered under the former Act is deemed to be registered under this Act until the registration under the former Act expires or the registration ceases to have effect under this Act, whichever occurs first.*

(5) *Any decision or order made by the Chief of Securities Administration or the Board under the former Act that could be made under this Act is deemed to be a decision or order by the Chief of Securities Administration or the Board under this Act.*

(6) *Any proceeding, application or other matter commenced before the Board or the Chief of Securities Administration under the former Act and not completed on the coming into force of this Act may be continued and completed by the Board or the Chief of Securities Administration, as the case may be, under this Act.*

(7) Exemptions under sections 2 and 3 of the former Act expire on the coming into force of this subsection.

Consequential
amendments

81(1) *The Securities Act is amended by this section.*

(2) *Section 193 is amended*

(a) in subsection (1)(a)(ii), by adding “or any other enactment” after “regulations”;

(b) in subsection (2), by adding “or any other enactment” after “regulations” wherever it occurs.

Repeal

82 *The Franchises Act, RSA 1980 cF-17 is repealed on Proclamation.*

Coming into
force

83 *This Act comes into force on Proclamation.*