



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Department of Financial Institutions, Securities Division

- Preproposal Statement of Inquiry was filed as WSR 14-03-063 ; or
- Expedited Rule Making--Proposed notice was filed as WSR _____; or
- Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).

- Original Notice
- Supplemental Notice to WSR _____
- Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject)

The Securities Division is proposing to amend WAC 460-80-300 to explicitly allow for delivery of Franchise Disclosure Documents over the Internet or by other electronic means, or in machine-readable media.

Hearing location(s):

Department of Financial Institutions
150 Israel Road SW
Tumwater, WA 98501

Date: 3/25/2015 Time: 10:00 AM

Submit written comments to:

Name: Michelle Webster
Address: Securities Division
150 Israel Road SW
Tumwater, WA 98501
e-mail michelle.webster@dfi.wa.gov
fax (360)704-6491 by (date) 3/25/2015

Assistance for persons with disabilities: Contact

Carolyn Hawkey, PO Box 9033, Olympia, WA 98507 by 3/18/2015

TTY (360) 664-8126 or (360)902-8760

Date of intended adoption: 3/26/2015
(Note: This is NOT the effective date)

Purpose of the proposal and its anticipated effects, including any changes in existing rules:

The Washington Franchise Investment Protection Act requires delivery of a franchise disclosure document at least fourteen calendar days prior to the execution by the prospective franchisee of any binding franchise or other agreement, or at least fourteen calendar days before the prospective franchisee signs a binding agreement with, or makes any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Neither the Washington State Franchise Investment Protection Act nor the Securities Division's rules explicitly allow a franchisor to provide the Franchise Disclosure Document electronically to prospective franchisees. On September 14, 2003, the North American Securities Administrators Association (NASAA) approved a Statement of Policy Regarding Electronic Delivery of Franchise Disclosure Documents. On January 22, 2007, the Federal Trade Commission adopted amendments to its Franchise Rule that explicitly allowed electronic delivery of Franchise Disclosure Documents.

The Securities Division recognizes that explicitly allowing for electronic disclosure of franchise disclosure documents may benefit prospective franchisees by making franchise disclosure documents more readily available and more readable. Allowing electronic disclosure also benefits franchisors by reducing costs associated with reproduction and delivery of disclosure materials. As the amendments considered by the Division reflect the language of the NASAA Statement of Policy, and the FTC rules similarly allow for electronic delivery of Franchise Disclosure Documents, the amendments under consideration would better coordinate the Securities Division's rules with other federal and state laws that regulate the offer and sale of franchises. The proposed amended rule also reflects franchisors' practice in delivering electronic disclosure in reliance on the federal E-SIGN Act.

Statutory authority for adoption: RCW 19.100.080; 19.100.250

Statute being implemented: Chapter 19.100 RCW

Is rule necessary because of a:

- Federal Law? Yes No
 - Federal Court Decision? Yes No
 - State Court Decision? Yes No
- If yes, CITATION:

DATE
February 4, 2015

NAME (type or print)
Scott Jarvis

TITLE
Director, Department of Financial Institutions

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: February 04, 2015

TIME: 2:30 PM

WSR 15-05-002

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: Department of Financial Institutions, Securities Division

- Private
- Public
- Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Michelle Webster	150 Israel Road SW, Tumwater, WA 98501	(360) 902-8736
Implementation.... Scott Jarvis, Director, DFI	150 Israel Road SW, Tumwater, WA 98501	(360) 902-8760
Enforcement..... William Beatty, Director, Securities	150 Israel Road SW, Tumwater, WA 98501	(360) 902-8760

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No. Explain why no statement was prepared.

If any costs are borne by businesses in connection with the proposed rule, these costs will be no more than minor. As such, the agency is not required to prepare a small business economic impact statement under RCW 19.85.030.

Is a cost-benefit analysis required under RCW 34.05.328?

Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

No: Please explain: The Department of Financial Institutions is not an agency identified in RCW 34.05.328.