



PREPROPOSAL STATEMENT OF INQUIRY

CR-101 (June 2004)
(Implements RCW 34.05.310)
Do NOT use for expedited rule making

Agency: Department of Financial Institutions, Securities Division

Subject of possible rule making: The Securities Division is soliciting comments on the possible amendment of the franchise registration rules set forth in Chapter 460-80 WAC particularly in light of the amended franchise disclosure rules adopted by the Federal Trade Commission and the promulgation of the 2008 Franchise Registration and Disclosure Guidelines by the North American Securities Administrators Association, Inc.

Statutes authorizing the agency to adopt rules on this subject: RCW 19.100

Reasons why rules on this subject may be needed and what they might accomplish: Amendments to the franchise registration rules set forth in Chapter 460-80 WAC may be necessary in light of the amended franchise disclosure rules adopted by the Federal Trade Commission and their preemptive effect on states laws, as well as to better coordinate our rules with the franchise registration and disclosure rules of other states in light of the promulgation of the 2008 Franchise Registration and Disclosure Guidelines by the North American Securities Administrators Association, Inc.

Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies: The Federal Trade Commission regulates the sale of franchises as do some other states. The Federal Trade Commission amended its franchise disclosure rule to require disclosure to prospective franchisees in the Franchise Disclosure Document format effective July 1, 2008. See 16 CFR Parts 436 and 437 (May 30, 2007). States may seek to coordinate their franchise rules through the adoption of the model franchise rules recently promulgated by the North American Securities Administrators Association, Inc. in the 2008 Franchise Registration and Disclosure Guidelines available at http://www.nasaa.org/industry_regulatory_resources/uniform_forms/3697.cfm.

Process for developing new rule (check all that apply):

- Negotiated rule making
- Pilot rule making
- Agency study

Other (describe) The Division is soliciting comments from interested persons and will consider the 2008 Franchise Registration and Disclosure Guidelines promulgated by the North American Securities Administrators Association, Inc. after the consideration of public comments.

How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:

(List names, addresses, telephone, fax numbers, and e-mail of persons to contact; describe meetings, other exchanges of information, etc.)

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DATE
June 23, 2008

NAME (TYPE OR PRINT)
Michael E. Stevenson

SIGNATURE

TITLE
Director of Securities

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