



PROPOSED RULE MAKING

CR-102 (June 2004)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Department of Financial Institutions, Securities Division

<input checked="" type="checkbox"/> Preproposal Statement of Inquiry was filed as WSR 08-14-066 ; or	<input type="checkbox"/> Original Notice
<input type="checkbox"/> Expedited Rule Making--Proposed notice was filed as WSR _____; or	<input type="checkbox"/> Supplemental Notice to WSR _____
<input type="checkbox"/> Proposal is exempt under RCW 34.05.310(4).	<input type="checkbox"/> Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject) The Securities Division is proposing the amendment of the franchise registration rules set forth in Chapter 460-80 WAC to take into account the amended franchise disclosure rules adopted by the Federal Trade Commission and to adopt the instructions for the preparation of the Franchise Disclosure Document promulgated by the North American Securities Administrators Association, Inc. Further, the Division is proposing updates to reflect current practices and filing requirements, to codify several interpretive and policy statements, and to make minor corrections.

Hearing location(s):
State of Washington
Department of Financial Institutions
150 Israel Rd. SW, Room 319
Tumwater, WA 98501

Date: October 28, 2009 Time: 1:00 P.M.

Date of intended adoption: October 29, 2009
(Note: This is NOT the effective date)

Submit written comments to:

Name: Faith L. Anderson, Associate General Counsel
Address: Department of Financial Institutions – Securities Division;
P.O. Box 9033; Olympia, WA 98507-9033
e-mail fanderson@dfi.wa.gov
fax (360)704-6480 by (date) October 28, 2009

Assistance for persons with disabilities: Contact

Carolyn Hawkey; P.O. Box 9033; Olympia, WA 98507-9033 by October 23, 2009

TTY (360) 664-8126 or (360) 902-8824

Purpose of the proposal and its anticipated effects, including any changes in existing rules: The Securities Division is proposing amendments to its franchise registration rules set forth in chapter 460-80 WAC in light of the amended franchise disclosure rules adopted by the Federal Trade Commission in 2007 and their preemptive effect on state laws, as well as to better coordinate our rules with other states that regulate the offer and sale of franchises through the adoption of the instructions for the preparation of the Franchise Disclosure Document in the 2008 Franchise Registration and Disclosure Guidelines promulgated by the North American Securities Administrators Association, Inc. The Securities Division is also proposing to codify several interpretive and policy statements. The proposed amendments to chapter 460-80 WAC include:

- Adoption of the FTC Franchise Disclosure Document as the required format for disclosure;
- Update of the franchise registration application requirements;
- Adoption of new sections to specify franchise registration amendment and renewal requirements; franchise agreement addendum requirement; and the acceptability of guarantees of performance, surety bonds, deferrals and other arrangements in lieu of an impound;
- Repeal of outdated sections on franchise offering circulars and purchase receipts;
- Update of financial statement and franchise disclosure document receipt requirements;
- Codification of interpretive and policy statements concerning the determination of the filing date, the requirements for requesting interpretive and no-action letters, and advertising of franchise via the internet; and
- Other minor updates and corrections.

The text of WAC 460-80 marked to show the proposed amendments is filed with this notice.

Reasons supporting proposal: The proposed amendments to chapter 460-80 WAC should be adopted to conform to the amended FTC franchise disclosure requirements, to provide greater uniformity with other states, and to make appropriate updates.

Statutory authority for adoption: RCW 19.100.250, 19.100.010, 19.100.030, 19.100.040, 19.100.050, 19.100.070, 19.100.080, 19.100.100, 19.100.110

Statute being implemented: RCW 19.100

Is rule necessary because of a:

Federal Law?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Federal Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
State Court Decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

If yes, CITATION:

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: **September 14, 2009**

TIME: **10:09 AM**

WSR 09-19-065

DATE
September 14, 2009

NAME (type or print)
Scott Jarvis

SIGNATURE

TITLE
Director

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

None

Name of proponent: (person or organization) Department of Financial Institutions

- Private
- Public
- Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Faith L. Anderson	150 Israel Road SW; Olympia, WA 98501	(360) 725-7825
Implementation.... Scott Jarvis	150 Israel Road SW; Olympia, WA 98501	(360) 902-8700
Enforcement..... Michael E. Stevenson	150 Israel Road SW; Olympia, WA 98501	(360) 902-8824

Has a small business economic impact statement been prepared under chapter 19.85 RCW?

Yes. Attach copy of small business economic 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 rules, 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 one of the agencies listed in RCW 34.05.328.