

Ontario introduces amendments to franchise legislation

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Life may soon get a little easier for franchisors doing business in Ontario. The Ontario government recently introduced Bill 154, the [Cutting Unnecessary Red Tape Act, 2017](#) (Bill 154), which includes amendments to the Ontario franchise legislation – the *Arthur Wishart Act (Franchise Disclosure), 2000* (the AWA).

Of interest to franchisors are the proposed amendments that clarify that only the agreement by which the franchise is actually granted (and not merely a deposit, confidentiality or other ancillary agreement) triggers a disclosure obligation on the part of the franchisor (and a potential rescission remedy for the benefit of the franchisee). Therefore, the amendments would allow franchisors to enter into confidentiality, non-disclosure and location agreements with prospective franchisees and to accept fully refundable deposits that do not exceed a prescribed amount (which will likely be 20% of the initial franchise fee, as in British Columbia), without triggering the disclosure obligation.

The amendments also set out important clarifications regarding certain disclosure exemptions, including the “large investment” and “*de minimis* investment” exemptions and remove outdated language (e.g., references to “service marks”).

Bill 154 received a second reading in the Ontario Legislature and was referred to the Standing Committee on Justice and Policy on October 3, 2017. If and when the amendments to the AWA become effective, it is expected that related amendments will be made to the AWA Regulations.

The amendments were recommended by the Ontario Business Law Advisory Council in its [Fall 2016 Report](#).

If you have any questions or would like more information, contact a member of Osler’s [Franchise Group](#).