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BLOGS

Franchise Sales/Transactions

FTC Franchise Rule to Be Enforced by Consumer Financial Protection Bureau

The Consumer Financial Protection Bureau (CFPB) has announced that it will assume certain enforcement responsibilities for the FTC's Franchising Trade Regulation Rule. Details of how enforcement responsibilities will be shared with the FTC have been awaiting confirmation of a chair of the CFPB. Richard Cordray was named chair last week by President Obama.

Under Section 1063 (i) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the CFPB was required to publish in the Federal Register by July 21, 2011, a list of the rules and orders for which it would assume enforcement authority. The Franchise Rule was one of many over which the CFPB has been given enforcement authority.

The FTC remains responsible for amending, reviewing, and interpreting the Franchise Rule, and it will retain concurrent authority over enforcement. It remains unclear how decisions will be made about which cases to bring and how they will be resolved.