

BLOGS

State Franchise and Dealer Laws

Virginia Considering Technical Changes to Virginia Franchise Rules

The Virginia State Corporation Commission issued an Order to Take Notice on November 16, 2012, stating that the Virginia Division of Securities and Retail Franchising had recommended certain revisions to Chapter 110 of Title 21 of the Virginia Administrative Code entitled "Retail Franchising Act Rules" (Virginia Franchise Rules), with a proposed effective date of March 1, 2013. For the most part, these changes are technical, but they may require some modifications to franchisors' renewal filings in Virginia. The proposed modifications are as follows:

- All filings must include both a paper and an electronic, pdf copy of the FDD (on CD-ROM and in a searchable format).
- Amendment filings may now be submitted "within 30 days after" the occurrence of a material change, rather than "upon" the occurrence of a material change.
- Virginia will adopt the NASAA's Guarantee of Performance Form.
- If a franchisor is seeking the "seasoned franchisor" exemption, the accompanying auditor's report cannot contain a paragraph calling into question the entity's ability to continue as a going concern.
- Franchisors must retain, and make available to the commission upon request, copies of all materially different FDD's used in Virginia for a period of three years. Franchisors also must retain for at least three years signed FDD receipts for each completed franchise sale in Virginia.

A complete copy of the proposed changes to the Virginia Franchise Rules can be found at www.scc.virginia.gov/srf or may be requested from the division by telephone, mail or email. Comments and requests for hearing on these proposed changes may be submitted to the commission through January 15, 2013. Submissions may be sent via mail or electronically following the instructions at www.scc.virginia.gov/case.

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