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Maryland Franchise Disclosure Document (FDD) Renewal Fast-Track Review Pilot Program

The Securities Commissioner (the "Securities Commissioner") of the Securities Division of the Maryland Attorney General's Office (the "Securities Division") is establishing a franchise renewal fast-track review pilot program (the "Fast-Track Program").

Background

Maryland is one of twelve (12) franchise registration states (along with California, Hawaii, Illinois, Indiana, Minnesota, New York, North Dakota, Rhode Island, Virginia, Washington, and Wisconsin) that require a franchisor to file a Franchise Disclosure Document ("FDD"), pay a filing fee, and obtain a state registration to offer and sell franchises in the state. Franchisors also must annually renew the registration to sell franchises in subsequent years. As described in Section 14-202 of the Maryland Franchise Registration and Disclosure Law, MD. CODE ANN., BUS. REG. §14-201 et seq. (2024 Repl. Vol.) ("Maryland Franchise Law"), franchise registration and disclosure requirements were put in place to provide franchisees with necessary and complete information about franchise offers and promote fair dealing in the franchisor-franchisee relationship. Section 14-219 of the Maryland Franchise Law governs the renewal of franchise registrations in Maryland.

After filing an application to renew a registration, franchisors await state notification that the renewal has been registered to continue to offer and sell franchises in the state. The number of franchise renewal registration applications filed with the Securities Division has increased substantially in recent years, and most of those applications are filed from March through May. For example, the number of renewal filings the Securities Division received in the three months of March through May of 2025 is nearly equal to the total number of franchise filings that the Securities Division received in all of 2015. In 2024, fewer than 0.1% of franchise applications were received in the months of January and February, while 65% were received from March through May. In 2025, of the franchise applications received through July 31, 2025, fewer than 0.1% were received in January and February, while 79% were received from March through May.

During Maryland's 2025 legislative session, a bill was proposed amending the Maryland Franchise Law in part to create a program to expedite renewal of franchise registration filings. Although the legislation did not pass, the Securities Commissioner, pursuant to existing provisions of the Maryland Franchise Law, has the authority to establish a Fast-Track Program to expedite the review of franchise registration renewal applications filed in accordance with section 14–219 of the Maryland Franchise Law.

Fast-Track Program Overview

The Securities Commissioner has determined that the Fast-Track Program would be beneficial to franchisors, existing and potential franchisees, and the Securities Division. The Securities Commissioner finds good cause to institute a Fast-Track Program during the 2026 fiscal year, which could become a model for future years, subject to interest in and performance of the Fast-Track Program. Please review Exhibit A for more information on the eligibility requirements, instructions and filing timeline.

To the extent you have any questions regarding the Fast-Track Program, please contact Assistant Attorney General Dale Cantone at dcantone@oag.state.md.us, Senior Assistant Attorney General Tade Osikomaiya at tosikomaiya@oag.state.md.us or Assistant Attorney General Johanna Interian at jinterian@oag.state.md.us.

Dated: October 8, 2025

Melanie Senter Lubin
Securities Commissioner

EXHIBIT A

MARYLAND FRANCHISE DISCLOSURE DOCUMENT (FDD) RENEWAL FAST-TRACK REVIEW PILOT PROGRAM GUIDELINES

(Dated October 8, 2025)

Eligibility Criteria

To be eligible to participate in the Fast-Track Program:

- Franchisor must have a fiscal year ending between December 24 and January 7.
- Franchisor's Franchise Disclosure Document (FDD) must be currently registered in the State of Maryland at the time of the filing of the fast-track renewal application.
- Franchisor must not be subject to a pending investigation or enforcement matter with the Securities Division at the time of the fast-track renewal application or during the duration of the fast-track review.
- The Securities Division reserves the right to reject or remove any FDD/Franchisor from the Fast-Track Program at any time.

Filing Instructions

- The renewal FDD must be filed by the Fast-Track Program deadline of February 1 and must include all disclosures required under the FTC Amended Franchise Rule and the Maryland Franchise Registration and Disclosure Law, with the exception of the audited financial statements in Item 21 and related disclosures.
- The issuance date should be left blank on the FTC cover page that is filed by the February 1 deadline. The issuance date is not required to be populated until the Franchisor files the updated FDD that incorporates the Item 21 financial statements and any related disclosure updates (the "Completed Renewal FDD"), which must be filed no later than April 10.
- By **February 1**, the Franchisor must submit:

  (i) a cover letter that indicates the Franchisor is opting into the Fast-Track Program;

  (ii) all forms required to be filed with the Securities Division as part of the renewal application, <u>excluding</u> the Consent of Accountant (Form F) and the Certification section of the Uniform Franchise Registration Application (Form A);

  (iii) the clean FDD;

  (iv) the full Marked FDD blacklined against the currently registered FDD in Maryland; and

  (v) the $250 franchise renewal fee.

- By **April 10**, the Franchisor must submit:
  - (i) the full clean Completed Renewal FDD;
  - (ii) the Marked Pages of the Completed Renewal FDD blacklined against the last version reviewed by the Securities Division;
  - (iii) the Consent of Accountant (Form F); and
  - (iv) the Certification section of the Uniform Franchise Registration Application (Form A).
- Between the first FDD submission as part of the Fast-Track Program and the Completed Renewal FDD submission, the Franchisor must adhere to any deadlines set forth in Securities Division comment letter(s) to cure any deficiencies.
- The renewal application documents must be submitted either electronically via NASAA's Franchise Electronic Depository (FRED) at https://www.nasaaefd.org/ or as PDF files on a CD-ROM mailed to the Securities Division at Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202.
- If the franchisor is removed from or not accepted into the Fast-Track Program for any reason, or fails to meet any deadline, the application will be moved to the regular renewal process and reviewed in the order in which it enters the review queue. No additional fees or forms will be due beyond those required at the time of the renewal application.

<u>Filing Deadlines at-a-Glance and Review Timing</u>

The Fast-Track Program will operate on the following timeline:

- The Franchisor must file the FDD, required application forms and cover letter for participation in the Fast-Track Program between **January 1** and **February 1**.
- Within 15 business days of the receipt of the filing, the Securities Division will review and respond to the Franchisor indicating whether the FDD filing has obtained pre-clearance or has deficiency comments that must be cured prior to obtaining pre-clearance.
- Within 15 business days of receiving the deficiency comment letter, the Franchisor must address all FDD deficiency comments but will not yet be required to include the Item 21 financial statements.
- Within 10 business days of receipt, the Securities Division will review the deficiency comment submission and respond to the Franchisor indicating whether the FDD has obtained pre-clearance or whether the Franchisor must address additional deficiency comments.
- At the Securities Division's discretion, franchisors with minimal comments may not be required to file an updated FDD addressing the Securities Division's comments prior to the April 10 deadline for filing the Completed Renewal FDD. If eligible for the extended

response filing deadline, the Franchisor will be notified in the deficiency letter of the Securities Division's waiver of the pre-clearance deficiency cure deadline.

- By **April 10**, the Franchisor must file the Completed Renewal FDD (Clean and Marked Pages against the previous filing), the Consent of Accountant (Form F) and the Certification section of the Uniform Franchise Registration Application (Form A). Failure to file the aforementioned documents by April 10 will result in the loss of eligibility for the Fast-Track Program. Further, if there are significant material changes outside of Item 21, the Securities Division reserves the right to remove the filing from the Fast-Track Program and to review the filing as part of the regular renewal review process.
- Within 10 business days of receipt of the Completed Renewal FDD, the Securities Division will respond to the Franchisor indicating whether the Completed Renewal FDD has been registered or whether the Franchisor must address deficiency comments. If there are no outstanding deficiency comments or other issues, the Completed Renewal FDD will be registered by late April.

Pursuant to Section 14-231 of the Maryland Franchise Law, it is unlawful to make an untrue statement of a material fact or omit to state a material fact in an application for registration, to amend registration, or for renewal or in a notice or report filed with the Commissioner thereunder.