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Subject: Notification of changes to the Virginia Retail Franchising Act -Effective: July 1, 2026

Importance: Normal

Sensitivity: None

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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

— COMMISSIONERS —

KELSEY A. BAGOT • JEHMAL T. HUDSON • SAMUEL T. TOWELL

April 14, 2026

Attention: Virginia Registered and Exempt Franchisors –

During the 2026 legislative session, the Virginia General Assembly made changes to the Virginia Retail Franchising Act (“Act”), § 13.1-557 *et seq.* of the Code of Virginia. [See 2026 Va. Acts chs. 553 & 554.] The changes, which become effective on July 1, 2026, affect two sections of the Act: § 13.1-559 and § 13.1-563.

§ 13.1-559 of the Virginia Retail Franchising Act addresses definitions and the applicability of the Act. A new Subsection, § 13.1-559 D, has been added, which states:

D. Any franchise contract or agreement offered or entered into pursuant to the terms of this chapter shall be governed by the laws of the Commonwealth.

§ 13.1-563 of the Virginia Retail Franchising Act addresses unlawful offers. The following provision has been added to a new subsection, § 13.1-563 A:

4. To offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement

Although there are no substantive changes to the current provisions of § 13.1-563, they will be reorganized under subsection A in a slightly modified order.

Furthermore, a new subsection, § 13.1-563 B, has been added, which states:

B. Notwithstanding the provisions of subsection A, in the event that a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after

such sale.

Therefore, all franchises registering, or renewing their registration, with the State Corporation Commission's Division of Securities and Retail Franchising ("Division") on or after July 1, 2026, must include language addressing these legislative changes in their respective franchise disclosure document ("FDD") and the franchise agreement. The language may be included within the relevant items of the FDD itself, specifically Items 17 (r) and 17 (w); or in a Virginia Addendum to the FDD. If the language is included in an Addendum, the following may be used:

Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

The Division recognizes some franchises have been registered, or have been renewed, prior to July 1, 2026, with the expiration period ending after this date. If you are one of these franchises, you have two options:

1. 1. If you believe you will not sell a franchise in Virginia on or after July 1, 2026, prior to the expiration of your current registration, you may choose not to amend your FDD at this time. You will have to make the necessary additions to your FDD when you renew your franchise registration.
2. 2. However, if you believe you may, or in fact will, sell a franchise in Virginia on or after July 1, 2026, you must first submit an amendment application to include language concerning the above provisions. All FDDs must include this additional language and be provided to prospective franchisees in Virginia on or after July 1, 2026.

If you have any questions, or require any further information, you may contact us at the phone number below, or by accessing the following email link at SRF_Examination@scc.virginia.gov.

Thank you.

Virginia State Corporation Commission
Division of Securities and Retail Franchising
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<https://scc.virginia.gov/pages/Securities-Retail-Franchising>