

**DISCLOSURE DOCUMENT**

**OF**

**[FRANCHISOR]**

**[date]**

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**DISCLOSURE DOCUMENT OF  
[FRANCHISOR]  
[date]**

**A DISCLOSURE DOCUMENT MUST BE GIVEN TO A PROSPECTIVE FRANCHISEE NO LATER THAN 14 DAYS PRIOR TO THE SIGNING OF THE FRANCHISE AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION BY THE PERSPECTIVE FRANCHISEE RELATING TO THE FRANCHISE, WHICHEVER IS EARLIEST.**

[Franchisor] (the “Franchisor”) is offering franchises and licenses in Canada for “[franchise]” franchise business. Being granted a Franchise in the “[FRANCHISE]” system is subject to certain risks. The Franchisor was only recently incorporated and has no record of earnings or working capital. There is no assurance that the Franchisee will ever make a profit. There is no statement of estimated revenue, direct costs or administration expenses published in connection with the trade of the franchise. There is no assurance that municipal, provincial and federal requirements with which the Franchisee may have to comply will be met or licenses, if any, be granted.

This document constitutes the Disclosure Document of the Franchisor as required by the provisions of section 4 of the *Franchises Act* (Alberta) and of section 5 of the *Arthur Wishart Act* ( Ontario).

**Requirements of the Alberta Franchises Act and the Arthur Wishart Act**

Sections 13 and 14 of the *Franchises Act* (Alberta) state:

- 13 If a franchisor fails to give a prospective Franchisee the disclosure document by the time referred to in section 4 [being at least 14 days before the signing by the prospective Franchisee of any agreement relating to the franchise or the payment of any consideration which is not fully refundable], the prospective Franchisee may rescind all the franchise agreements by giving a notice of cancellation to the Franchisor or its associate, as the case may be,
- (a) no later than 60 days after receiving the disclosure document, or
  - (b) no later than 2 years after the Franchisee is granted the franchise, whichever occurs first.
- 14 (1) A notice of cancellation given under section 13 operates
- (a) to cancel the franchise agreements, or
  - (b) in the case of an agreement that is an offer to purchase, to withdraw the offer to purchase.
- (2) The Franchisor or its associate, as the case may be, must, within 30 days of receiving a notice of cancellation under section 13, compensate the Franchisee for any net losses that the Franchisee has incurred in acquiring, setting up and operating the franchised business.

Section 6 of the *Arthur Wishart Act* ( Ontario ) states:

- 6 (1) A Franchisee may rescind the franchise agreement, without penalty or obligation, no later than 60 days after receiving the disclosure document, if the Franchisor failed to provide the disclosure document or a statement of material change within the time required by section 5 or if the contents of the disclosure document did not meet the requirements of section 5.

- (2) Franchisee may rescind the franchise agreement, without penalty or obligation, no later than two years after entering into the franchise agreement if the Franchisor never provided the disclosure document.
- (3) The Franchisor, or Franchisor's associate, as the case may be, shall, within 60 days of the effective date of rescission,
  - (a) refund to the Franchisee any money received from or on behalf of the Franchisee, other than money for inventory, supplies or equipment;
  - (b) purchase from the Franchisee any inventory that the Franchisee had purchased pursuant to the franchise agreement and remaining at the effective date of rescission, at a price equal to the purchase price paid by the Franchisee;
  - (c) purchase from the Franchisee any supplies and equipment that the Franchisee had purchased pursuant to the franchise agreement, at a price equal to the purchase price paid by the Franchisee; and
  - (d) compensate the Franchisee for any losses that the Franchisee incurred in acquiring, setting up and operating the franchise, less the amounts set out in clauses (a) to (c).

Section 7 of the *Arthur Wishart Act* ( Ontario ) states:

- 7(1) If a Franchisee suffers a loss because of a misrepresentation contained in the disclosure document or in a statement of material change or as a result of the Franchisor's failure to comply in any way with section 5, the Franchisee has the right of action for damages against,
  - (a) the Franchisor;
  - (b) the Franchisor's agent, being a sales agent of the Franchisor who is engaged by the Franchisor's broker and who is directly involved in the granting of a franchise;
  - (c) the Franchisor's broker, being a person other than the Franchisor, Franchisor's agent or Franchisee, who grants, markets or otherwise offers to grant a franchise, or who arranges for the grant of a franchise;
  - (d) the Franchisor's associate; and
  - (e) every person who signed the disclosure document or statement of material change.

A Receipt of Disclosure Document is attached as Schedule "C". Potential Franchisees and licensees should, if they have not already done so, properly complete the Receipt of Disclosure Document and return it to the Franchisor.

If a Franchisee or licensee suffers a loss because of a misrepresentation in this Disclosure Document then the Franchisee or licensee has a right of action for damages against the Franchisor and every person who has signed this Disclosure Document. If this Disclosure Document contains a misrepresentation, a Franchisee or licensee who is granted a franchise or licensed business to which this Disclosure Document relates is deemed by law to have relied on the misrepresentation unless the Franchisee or licensee was granted the franchise or licensed business with knowledge of the misrepresentation.

THIS IS A 22-PAGE DOCUMENT INCLUDING SCHEDULES.