

SECURITIES DIVISION

INFORMATION FOR FRANCHISORS: BEFORE YOU OFFER A FRANCHISE IN MARYLAND

Updated as of September 1, 2011

Maryland is one of about 15 states in the United States that requires “registration” of franchise offerings. Before you offer or sell any franchise in Maryland or to any Maryland residents, you must first **register** your franchise offering with the Securities Division, Office of the Attorney General. All franchise filings must be prepared under the Maryland Franchise Registration and Disclosure Law and Maryland’s Franchise Regulations.

As of July 1, 2008, the Franchise Disclosure Document that must be filed with the Securities Division as part of a franchise registration application must be prepared under the 2008 **Franchise Registration and Disclosure Guidelines** prescribed by the North America Securities Administrators Association, Inc. (“NASAA”).

Copies of NASAA’s 2008 Franchise Registration and Disclosure Guidelines can be accessed from the Internet at www.nasaa.org under “Industry and Regulatory Resources” and then under “Franchise.”

Pursuant to an Amended Franchise Rule of the Federal Trade Commission, 16 C.F.R. Part 436, as of July 1, 2008 franchisors may no longer use the Uniform Franchise Offering Circular (or “UFOC”) format for franchise disclosure documents anywhere in the United States, 2008, and that disclosure format will not be accepted as part of a franchise registration application filed with the Maryland Securities Division.

The Maryland Franchise Law, part of the “Annotated Code of Maryland,” can be accessed at www.dsd.state.md.us. That website also contains the Maryland Franchise Regulations, under the link for “COMAR.” Or, you can contact the Securities Division for paper copies of these materials. We charge a small fee to cover copying costs.

INITIAL REGISTRATION:

For an initial franchise registration application, you will need to file the following, **both on paper and on a CD-ROM**, in PDF format:

1. Uniform Franchise Registration Application;
2. Franchisor's Costs and Sources of Funds;
3. Uniform Franchise Consent to Service of Process (checking the "Maryland Securities Commissioner" as the franchisor's agent for service of process);
4. Franchise Seller Disclosure Form;
5. Franchise Disclosure Document, with **State Cover Page**;
6. Application Fee of \$500 (by check made payable to "Office of the Attorney General");
7. Guarantee of Performance of parent or affiliate (if required);
8. Consent of Accountant; and
9. Copy of advertising or promotional material.

Copies of these application forms, and instructions for filling them out, may be found in NASAA's 2008 Franchise Registration and Disclosure Guidelines referenced above.

Initial applications will be reviewed by the Securities Division no later than 30 business days from the date we receive all of these materials. By the 30th business day, you will receive either a deficiency letter informing you of any problems with your application, or an effective letter. The Division's response will be sent **via e-mail**, so make sure we have your updated e-mail address. Until you receive that effective letter from the Securities Division, you are not registered to offer franchises in Maryland. That written notification contains an effective date for your registration and notes that your registration expires one year from the effective date.

Your application likely will be reviewed earlier than the 30th business day if you file between June and February, as the bulk of our applications are filed in March, April, and May.

RENEWAL/AMENDMENT:

Franchise registration renewals should be submitted annually at least 15 business days before the one year anniversary of your effective date. During the one year period of effectiveness, you must

promptly file an amendment to your registration for any material changes to the information in your Franchise Disclosure Document.

To file a renewal or amendment registration application, you will need to submit the documentation listed above to file an initial registration **on paper and on a CD-ROM**, in PDF format, except that you should include one clean copy of your Franchise Disclosure Document and one copy that has been marked to show any changes, updates and deletions you have made to the last Franchise Disclosure Document you filed.

The renewal application or amendment application will be reviewed within 15 business days of filing. You will receive an effective letter notifying you of the effective date of your renewal (which may be different from your original effective date) or a deficiency letter informing you of any problems with your renewal application. As with your initial application, the Division's response will be sent **via e-mail** alone.

The fee for a renewal application is \$250. For an amendment application, the fee is \$100.

CONTINUING FRANCHISOR OBLIGATIONS:

Franchise Advertisements: At least five days before publication or distribution, submit two copies of any advertising to be used in the offer or sale of franchises to the Securities Division.

Quarterly Sales Reports: After you register your franchise offering, file a quarterly report with the Securities Division, showing the number of franchises sold in Maryland and the selling price.

For more information about registering a franchise in Maryland, or the Maryland Franchise Law generally, contact Dale E. Cantone, Deputy Securities Commissioner, at (410) 576-6368, or dcantone@oag.state.md.us.