

FEDERAL TRADE COMMISSION

16 CFR Part 436

Trade Regulation Rule on Disclosure Requirements

and Prohibitions Concerning Franchising and Business Opportunity Ventures

AGENCY: Federal Trade Commission.

ACTION: Notice Announcing Publication of Staff Report on the Franchise Rule.

SUMMARY: The Federal Trade Commission (“Commission”) announces the publication of the Staff Report on the Franchise Rule. The Staff Report sets forth the staff’s recommendations to the Commission on the various proposed amendments to the Franchise Rule.

DATES: Comments on the Staff Report must be submitted on or before November 12, 2004.

ADDRESSES: Interested persons are invited to submit written comments on the Staff Report. Comments should refer to “Franchise Rule Staff Report, R511003” to facilitate the organization of comments. A comment filed in paper form should include this reference both in the text and on the envelope, and should be mailed or delivered to the following address: Federal Trade Commission/Office of the Secretary, Room H-159 (Annex W), 600 Pennsylvania Avenue, NW, Washington, DC 20580. If the comment contains any material for which confidential treatment is requested, it must be filed in paper form, and the first page of the document must be clearly labeled “Confidential.” The FTC is requesting that any comment filed in paper form be sent by courier or overnight service, if possible, because U.S. postal mail in the Washington area and at the Commission is subject to delay due to heightened security precautions. Comments can be filed in electronic form by clicking on the following weblink:

<https://secure.commentworks.com/ftc-franchisereport/> and following the instructions on the web-

based form. To ensure that the Commission considers an electronic comment, you must file it on the web-based form at the <https://secure.commentworks.com/ftc-franchisereport/> weblink. If this notice appears at www.regulations.gov, you may also file an electronic comment through that Web site. The Commission will consider all comments that regulations.gov forwards to it. You may also visit the FTC Web site at <http://www.ftc.gov/opa/2004/08/franchiserule.htm> to read the Staff Report and the news release describing it, and the FTC Web site at <http://www.ftc.gov/opa/1999/10/franchise-review3.htm> to read the Notice of Proposed Rulemaking and the news release describing this proposed Rule.

The FTC Act and other laws the Commission administers permit the collection of public comments to consider and use in this proceeding as appropriate. All timely and responsive public comments, whether filed in paper or electronic form, will be considered by the Commission, and will be available to the public on the FTC Web site, to the extent practicable, at www.ftc.gov. As a matter of discretion, the FTC makes every effort to remove home contact information for individuals from the public comments it receives before placing those comments on the FTC Web site. More information, including routine uses permitted by the Privacy Act, may be found in the FTC's privacy policy, at <http://www.ftc.gov/ftc/privacy.htm>.

FOR FURTHER INFORMATION CONTACT: Steven Toporoff, (202) 326-3135, Division of Marketing Practices, Room H-238, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580.

SUPPLEMENTARY INFORMATION:

The Franchise Rule requires the pre-sale disclosure of material information to prospective franchisees about the franchisor, the franchised business, and the terms and conditions that govern the franchise relationship. The Commission has engaged in an ongoing

effort to amend the Franchise Rule, starting with a review of the Franchise Rule in 1995,¹ followed by the publication of an Advanced Notice of Proposed Rulemaking in 1997,² and the publication of a Notice of Proposed Rulemaking in 1999.³

Pursuant to the Commission's Rules of Practice, and the rulemaking procedures specified earlier in the Notice of Proposed Rulemaking, the Commission now announces the availability of the Staff Report on the Franchise Rule. The Staff Report summarizes the rulemaking record to date, analyzes the various alternatives, and sets forth the staff's recommendations to the Commission on the revised Rule. The Staff Report has not been reviewed or adopted by the Commission. The Staff Report is available from the Commission's Public Reference Room, Room H-130, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, DC 20580. It is also available on the FTC's Web site, at www.ftc.gov, by searching on the phrase (with quotation marks): "Staff Report + Franchise".

The Commission invites interested parties to submit written data, views, and arguments on the recommendations announced in the Staff Report, by following the instructions in the ADDRESSES section of this Notice. Comments, however, are to be limited to those matters that are already part of the rulemaking record. Further, comments previously submitted in the ongoing rulemaking procedure are already part of the rulemaking record and need not be repeated. Written communications and summaries or transcripts of any oral communications respecting the merits of this proceeding from any outside party to any Commissioner or Commissioner's advisor will also be placed on the public record. *See* 16 C.F.R. 1.26(b)(5).

¹60 Fed. Reg. 17,656 (Apr. 7, 1995).

²62 Fed. Reg. 9,115 (Feb. 28, 1997).

³64 Fed. Reg. 57,294 (Oct. 22, 1999).

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Upon the completion of the comment period, the staff will make final recommendations to the Commission about the Rule. Assuming the Commission adopts the proposed revised Rule, it will publish another *Federal Register* notice in the future with the final text of the revised Rule, a Statement of Basis and Purpose on the Rule, and an announcement of when the revised Rule will become effective.

List of Subjects in 16 CFR Part 436

Advertising, Business and industry, Franchising, Trade practices.

Authority: 15 U.S.C. 41-58.

By direction of the Commission.

Donald S. Clark
Secretary