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Franchise**  
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**RECOMMENDED CHANGES TO THE REGULATIONS UNDER *THE FRANCHISE  
DISCLOSURE ACT (SASKATCHEWAN)***

June 15, 2025

Ms Maria Markatos  
Legislative Services  
Ministry of Justice and Attorney General  
Government of Saskatchewan  
800 – 1874 Scarth Street  
Regina, Saskatchewan  
S4P 4B3



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**RE: Recommended Changes to the Regulations (Regulations) under *The Franchise Disclosure Act* (the Act)**

Dear Ms. Markatos

The Canadian Franchise Association (CFA) appreciates the opportunity to comment on the Regulations under the Act. We believe that the changes we are recommending be made to the Regulations will help the Saskatchewan economy grow by assuring greater consistency with the regulatory approaches taken in other Canadian provinces and by ensuring additional certainty in the regulation of franchising in the province.

**Principles on which our Recommendations are based:**

In drafting the below recommendations, the CFA relied on the following core principles, which we believe are relevant in protecting franchisees, while ensuring Saskatchewan remains an attractive jurisdiction for franchised small businesses to grow:

1. Balancing the objective of encouraging investment in the province while also protecting franchisees. Increased regulation of franchisors, particularly where it places a higher burden on them, may reduce their willingness and ability to use the franchise business model as an engine for growth, generally, and will incentivize them to expand into less-regulated jurisdictions instead. That said, many prospective franchisees face potential personal risks as they investigate, acquire and operate franchised businesses; accordingly, regulatory mechanisms must be put in place to allow them to effectively identify, assess, and mitigate those risks.
2. Maintaining consistency with other franchise legislation across the country, except where improvements are warranted. Consistency across provinces is highly desirable to ensure the attractiveness of the franchise business model and to encourage the expansion of franchise brands across the country. As was alluded to above, differences in approach that do not materially affect the balance between encouraging investment and protecting franchisees serve little purpose other than to make compliance more difficult and to dissuade investment in the province.
3. Striving for certainty, in order to reduce litigation. Very little guidance is currently available to franchisors and franchisees upfront, with confirmation of compliance with applicable franchise legislation coming solely in the form of judicial decisions made (long) after the fact. It is therefore imperative that the legislation and regulations in question be as clear as possible in order to guide the parties in their efforts to comply, before disputes arise.

What is certain is that the lack of clarity and consistency under prevailing provincial franchise legislation is a significant disincentive to the growth of small business in Saskatchewan and across Canada. Striking a balance between the legitimate need of franchisees for the information that will allow them to make an informed investment decision and providing clarity to the franchisor on the information they need to provide is essential in ensuring that Saskatchewan is an attractive jurisdiction for the growth of franchised small businesses.

## Proposed Recommendations:

The CFA is pleased to make the following recommendations to amend the Regulations:

1. **Section 2, Definitions:** Include the definitions of “officer” and “earnings projection” and the interpretation of the words “a franchise or business of the same type as the franchise being offered” that are provided in the BC Regulation. The definitions and interpretations provide needed certainty as to the meaning of these terms.

**Officer:** Without a definition of “officer” in franchise regulations, franchise law practitioners must speculate whether the definition under the applicable business corporations legislation also applies to franchise regulation, creating uncertainty.

**Earnings Projections:** By providing a definition of “earnings projection”, franchisors and practitioners are alerted that the meaning of “earnings projection” is broader than clear English would suggest. For instance, “earnings projection” includes the presentation of historical data. The definition adds certainty.

**Franchise of the Same Type:** There are multiple franchise models in the franchise industry (including ‘low equity’ franchises, operator models and full business format franchises). Some franchisors employ multiple models within the same franchise system. The British Columbia guidance that a ‘franchise of the same type’ means a franchise that is operating under the same trademark, and does not refer to the franchise model being employed, provides certainty as to the information to be disclosed and, arguably, will provide for broader disclosure, to the benefit of prospective franchisees.

2. **Section 5, Risk Warning Statements:** The risk warning statements should be identical to the statements required to be disclosed by the BC Regulation. The risk warning statements to be provided pursuant to the Regulations are similar in meaning to the statements required by the BC Regulation, yet, the wording of the required statements is different. In our view, this serves no purpose. Franchise practitioners will be required to decide whether to provide separate risk warning statements for Saskatchewan (creating additional length to the disclosure document) or risk non-compliance by including only the language used in British Columbia.

3. **Section 7, Financial Statements:** We suggest the following amendments to this section:  
**7(1)** Remove the requirement that financial statements be prepared in accordance with accounting principles of the jurisdiction in which the “franchise” is based. We note that the word “franchise” was likely included in error and the word “franchisor” (as used in the BC Regulation) was likely intended. It adds complexity without providing any corresponding value. If financial statements comply with the standards set out in Section 7(2) of the regulation (namely the standards set out in the CPA Canada Handbook or set by the International Auditing and Assurance Standards Board) no additional purpose is served by requiring that the financial statements also comply with the generally accepted accounting principles of the jurisdiction in which the franchisor is based. This suggested approach would also align better with Ontario’s franchise legislation.

**7(2)** Financial statements that comply with US audit or review engagement standards (Auditing Standards Board of the American Institute of Certified Public Accountants, the Public Company Accounting Oversight Board of the United States, or the Financial Accounting Standards Board of the United States, as applicable) should be expressly permitted for disclosure, as provided for in Ontario’s General Regulation (O Reg 581/00) to the Arthur Wishart Act. Without this specific inclusion, franchise practitioners must speculate as to whether statements that comply with the US standards are “at least equivalent” to statements prepared in accordance with standards set out in the CPA Canada Handbook or as set by the International Auditing and Assurance Standards Board, which creates uncertainty, and leads to different interpretations by different practitioners.

**7(5)** Remove the requirement that the opening balance sheet be audited or reviewed in accordance with review engagement standards. British Columbia is the only province that currently imposes that requirement. It adds delays as well as expense while providing no additional value.

4. **Section 10.1(c)(ii), Agent for Service:** The Regulations require that a franchisor franchising in Saskatchewan engage an agent for service in the province. This simply adds expense for the franchisor, without any corresponding benefit to the franchisee. In British Columbia, as in most provinces in Canada, appointing an agent for service in the province is optional, and, where one is appointed, the name of the agent is disclosed.
5. **Section 14, Proximity:** Similar to some other provinces' regulations, Saskatchewan's Regulations require disclosure in the franchise disclosure document of the franchisor's policy about locating franchises near one another. While the BC Regulations do not contain any proximity policy disclosure requirements, Saskatchewan chose to follow Ontario's lead, but the Regulations have broadened the corresponding proximity policy set out in the Ontario Regulations.

While the Ontario Regulations are substantially similar to the Regulations, the Ontario Regulations do not: (a) extend to the franchisor's proximity *practices*; (b) clarify that the disclosure obligation extends to franchises *of the same type as the existing franchise*; or (c) make any reference to the *franchisor's associate*. This differentiation from other provinces' regulations creates a different standard for Saskatchewan and poses a disincentive to franchise brands looking to establish in the province.

6. **Section 16, Investment Prescribed Amount:** The Regulations followed the approach taken in the BC Regulations to exempt franchisors from the obligation to provide a disclosure document to prospective franchisees if the franchise grant requires a minimum investment of \$5 million. By contrast, the Ontario Regulations only require a minimum investment threshold of \$3 million to qualify for this exemption. By following the direction set by British Columbia in its regulations, the Regulations, as drafted, put Saskatchewan at a competitive disadvantage to Ontario. This will further disincentivize the expansion of franchised small businesses into Saskatchewan.

#### Conclusion:

We sincerely appreciate the opportunity to make this submission and offer recommendations to the Regulations. The CFA believes the recommendations enclosed would help to remedy potential errors in the Regulations and ensure that Saskatchewan has a regulatory framework that doesn't disincentivize the growth of franchised small businesses in the province.

The CFA would welcome the opportunity for further involvement as the government proceeds with bringing *The Franchise Disclosure Act* into force. Within CFA membership are some of Canada's most experienced franchise lawyers, including those that represent mostly franchisors, those that represent mostly franchisees, and those that represent both. Additionally, CFA membership is represented across 60 different segments of the economy, from new and emerging to large and iconic brands.

The Canadian Franchise Association is committed to continuing to be a resource to the Government of Saskatchewan on franchise-related topics. For further information, please contact Derek Robertson, Senior Manager, Government Relations at [drobertson@cfa.ca](mailto:d Robertson@cfa.ca).

Best Regards,



Sherry McNeil  
President and CEO

**About the Canadian Franchise Association**

The Canadian Franchise Association (CFA) is the national, not-for-profit association of more than 600 corporate members representing over 40,000 franchise small business owners of nearly 68,000 franchise establishments.

The CFA is the voice of the franchise community and the recognized authority on franchising in Canada. The CFA represents an industry that impacts the lives of every Canadian in every community across the country.

Canadian franchises contribute almost \$133 billion per year to the Canadian economy and create jobs for nearly 2 million Canadians. They enable 78,000 Canadians to be their own boss as the owner of their own small business franchise location, serving their neighbours in communities from coast to coast to coast. These enterprises contribute over \$33.4 billion in federal and provincial taxation revenue and pay nearly \$70 billion in wages each year.

CFA members represent a diverse cross-section of businesses and over 60 sectors in Canada. Our members range from very large, established franchise systems, to smaller or emerging franchise brands. Members share the conviction that their commitment to excellence improves franchising for everyone involved, including franchisors, franchisees, suppliers, and customers.