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To: [NASAA Comments](#)
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Subject: [EXTERNAL]Broker Registration Act
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NASAA Team,

My name is Bill Keely and I am a Franchise Consultant and part of the International Franchise Professional Group (IFPG). I am writing to provide feedback on the NASAA Model Franchise Broker Registration Act.

While the intention to ensure ethical practices in franchise brokering is commendable, the current draft of the Model Act introduces many complexities that might inadvertently hinder the franchise sales process. Here are some observations and thoughts.

Franchise Brokers

Franchise brokers play a vital role in matching prospective franchisees with the right franchisors. Ethical brokers prioritize their clients' best interest, helping them to find suitable franchise opportunities. Brokers do not make final decisions on franchise awards and are compensated only when a franchisor awards a franchise.

Impact on Prospective Franchisees

The current draft of the Model Act may unintentionally complicate the franchise discovery process for prospective franchisees. By requiring multiple disclosure documents, the act is creating unnecessary confusion and anxiety, which will potentially deter individuals from pursuing franchise opportunities.

Key Concerns and Suggestions

Section 2: Definitions

The distinction between a "franchise broker" and a "franchise broker representative" requires clearer definitions. Licensing for brokers, including specified training hours would be beneficial, however, the term "representatives" is too vague and will be misinterpreted.

Section 3: Prohibited Practices

While it makes sense to prevent unregistered and untrained brokers from engaging with prospective franchisees, imposing the responsibility on franchisors to verify broker registration adds an unnecessary administrative burden. Having a centralized and maintained database would be essential for this, but may be impractical to implement.

Section 4: Registration

The term "material change" needs to be more clearly defined. Significant changes, such as criminal history should be considered material, however, frequent updates for minor changes would be extremely burdensome and unnecessary.

Section 5: Disclosure Obligation

The mandate to disclose "all compensation" is very challenging. Referral fees often change, which would create the need for frequent updates to disclosure documents, which would create

confusion. Disclosing a "typical referral fee range" would be a more practical approach, which would balance transparency with administrative feasibility.

Client List Disclosure

Disclosure of client lists could raise significant confidentiality concerns and could undermine trust between brokers and clients. This requirement could lead to misuse of information and does not clearly benefit prospective franchisees.

The Model Act should protect potential franchisees, while supporting ethical franchise brokering. The current draft of the act, however, creates unnecessary burdens and complexities on brokers and franchisors. It could also discourage potential franchisees. I am hoping that NASAA considers the items that have been identified and will consider developing a more balanced regulatory framework.

Best Regards,

Bill Keely

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