

From: [Kyle Heck](#)
To: [NASAA Comments](#); [Theresa Leets](#); bill.beatty@dfi.wa.gov; [Erin Houston](#)
Subject: [EXTERNAL]Comments on NASAA Model Franchise Broker Registration Act
Date: Wednesday, August 27, 2025 4:47:50 PM

To:
North American Securities Administrators Association, Inc.
750 First Street NE, Suite 990
Washington, DC 20002

Subject: Comments on Proposed NASAA Model Franchise Broker Registration Act

Dear NASAA Regulators,

I write to oppose the Model Franchise Broker Registration Act. I support consumer protection. I also support a vibrant path into small business ownership that creates jobs and wealth in local communities. The proposal, as drafted, would reduce that path.

Background

I have spent nine years in the franchise industry after nine years in the defense industry. Supporting friends who served in combat was a privilege. Helping transitioning veterans launch businesses through franchising has been a privilege of the same order. I also work with workers who were laid off, as I once was, to convert a setback into ownership.

1) Franchising's benefits to small businesses and the constructive role of consultants

Franchising is a proven small business engine. Industry research shows more than 800,000 franchise establishments supporting millions of jobs and hundreds of billions in output each year, with continued growth expected in 2025. The Federal Trade Commission's Franchise Rule already requires a Franchise Disclosure Document and a 14-day review period to help buyers assess risk and terms. The FTC's guidance urges prospects to obtain and study the FDD, ask questions, and consult professionals. Franchise consultants help new and emerging brands build a strong foundation and reach early investors who fit the model. They help prospective owners compare options across many brands, interpret disclosures, and accelerate validation. This is matching and guidance, not sales.

Compliance costs fall hardest on emerging franchisors and small consultancies, shrinking the pipeline of new local employers.

2) AI is shrinking some corporate roles. Franchising is a practical on-ramp for displaced workers and a jobs multiplier

Analysts project that advances in AI could automate a material share of current work activities by 2030, with large effects in office support, customer service, and food service. Millions of workers will change occupations. Franchising is an immediate path to self-employment that also hires locally. New owners create payroll beyond their own job. Policy should keep this path clear, not add friction that slows entry.

3) Consultants reduce search costs and mismatch risk for first-time buyers

Most first-time buyers do not know how to compare FDDs, unit economics, and validation signals across multiple brands. The FTC's consumer guide underscores the need to study the FDD and ask many questions. Consultants increase informed choice by helping candidates narrow to concepts they are most likely to succeed with, then directing them back into the franchisor's formal process under the FTC Rule. This complements the franchisor's sales obligations and reduces mismatch risk.

By discouraging independent matching, the proposal narrows consumer choice and pushes buyers toward advertising portals instead of guided diligence.

4) Added registration and reporting would burden entry without clear consumer benefit

Your notice describes a state-adoptable act that creates new registration, disclosure, and recordkeeping requirements for "franchise brokers." The FTC Rule already governs disclosure timing and content for the sale. The proposal risks a fragmented state patchwork layered on top of a federal baseline, with higher cost and little evidence that referral-driven introductions are the locus of harm.

Recommendations

1. Limit "broker" to parties engaged in the offer or sale of a franchise as defined under the FTC Rule. Keep lead generation and matching out of scope.
2. Avoid duplicating the FDD regime. Use federal disclosure as the single source of truth for the sale.
3. If NASAA proceeds, publish a uniform template with safe harbors to prevent a fifty-state patchwork. Cite clear evidence of abuse tied to the regulated party before imposing new filings.
4. Include a study and sunset clause so any new rules lapse absent clear evidence of net consumer benefit after two years.

Conclusion

The proposal would add cost and confusion where federal protections already exist. It would also narrow a key pathway into small business ownership at the same time AI is pushing many workers to seek new careers. Please revise the draft to focus on direct sellers and keep the matching function free of duplicative regulation.

Thank you for considering these comments.

Sincerely,

Kyle Heck

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