



STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

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**Notice of Adoption of Amended Franchise Act Interpretive Statement
No. 4 – Provisions in Franchise Agreements Setting the Site of Arbitration,
Mediation, and/or Litigation**

April 3, 2020

On March 13, 2020, the Securities Division of the Department of Financial Institutions amended Franchise Act Interpretive Statement No. 4 – Provisions in Franchise Agreements Setting the Site of Arbitration, Mediation, and/or Litigation.

The prior version of Franchise Act Interpretive Statement No. 4 addressed franchise agreements that set the site of arbitration and has now been amended to address provisions that similarly set the site of mediation or litigation. The amended version of Franchise Act Interpretive Statement No. 4 explains that the Securities Administrator will not register a franchise offering that includes a franchise agreement that sets the site of arbitration or mediation unless the agreement specifies that the site of arbitration or mediation will be: (1) in the state of Washington, (2) as mutually agreed upon at the time of arbitration or mediation, or (3) as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, the franchise agreement must allow a franchisee to bring an action or proceeding arising out of or in connection with the sale of a franchise, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A copy of the amended Franchise Act Interpretive Statement No. 4 is available here:
<https://dfi.wa.gov/industry/franchise-act-interpretive-statements/franchise-act-interpretive-statement-fis-04>.

In light of the changes to Franchise Act Interpretive Statement No. 4, the “sample” Washington Addendum to the Franchise Agreement has also been updated. A copy of the updated Washington Franchise Agreement Addendum is available here: <https://dfi.wa.gov/sites/default/files/forms/franchise-agreement-addendum.pdf>.

Please contact Nathan Quigley by telephone at 360-902-8797 or by e-mail at nathan.quigley@dfi.wa.gov with any questions.

Sincerely,

William M. Beatty
Securities Administrator

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

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