

pared in the form required by s. SEC 32.06, or disclosure document prepared in the form required by 16 CFR Part 436, the federal trade commission's disclosure requirements and prohibitions concerning franchising and business opportunity ventures. The filing by the franchisor shall be signed by an officer or general partner of the franchisor in the manner prescribed by s. SEC 32.11, and shall be accompanied by a statement by the franchisor setting forth how the requirements for use of the exemption continue to be met.

(d) Any offer to sell or sale of a franchise to any of the following:

1. The franchisor of the franchise;
2. A bank, trust company, credit union or savings and loan association purchasing a franchise for its own account.

(e) The offer or sale to a franchisee or prospective franchisee where the franchisee or prospective franchisee is not domiciled in this state and where the franchise business will not be operated in this state, and provided that the offer, sale and purchase of the franchise is effected in compliance with any applicable franchise law of the state in which the franchise business will be operated or the franchisee is domiciled.

(f) The offer or sale to an existing franchisee of an additional franchise that is the same as a franchise that the franchisee is operating at the time of the offer or sale.

(g) The offer or sale of a franchise or interest in a franchise which also constitutes a security that is either registered or exempt from registration pursuant to ch. 551, Stats.

(h) Any modification or amendment of an existing franchise agreement if there is no interruption in the operation of the franchise business and there is no material change in the franchise relationship. For purposes of this paragraph, an interruption in the operation of the franchise business solely for the purpose of relocating that business shall not be considered a material change in the franchise relationship or an interruption in the operation of the franchise business.

(i) The offer and sale of a franchise by the franchisor during the pendency of an application to renew the franchisor's registration statement under s. 553.30, Stats., or an application to amend a registration statement pursuant to s. 553.31, Stats., if all of the following requirements are met:

1. The offer and sale is made by means of the prospectus contained in the effective registration statement.

2. The prospectus is supplemented by a supplemental disclosure document, filed with the commissioner at the time of the renewal or amendment application, disclosing all differences between the prospectus for the effective registration statement and the prospectus filed in connection with the renewal or amendment application.

3. The supplemental disclosure document is delivered to, and left with, the prospective franchisee.

## SEC 32

(2) Unless otherwise specified, nothing in this rule shall prevent the commissioner from exercising his authority under s. 553.28 (1) (a), (b), (c), (e), (f) or (h), Stats.

History: Cr. Register, October, 1972, No. 202, eff. 11-1-72; renum. from SEC 32.06, Register, December, 1980, No. 300, eff. 1-1-81; am. (1) (intro.), Register, December, 1981, No. 312, eff. 1-1-82; am. (1) (a) and (2), Register, December, 1984, No. 348, eff. 1-1-85; am. (1) (b), r. and recr. (1) (c), cr. (1) (d), Register, December, 1985, No. 360, eff. 1-1-86; am. (1) (b) and (c) 5., cr. (1) (e) to (i), Register, December, 1987, No. 384, eff. 1-1-88; cr. (1) (c) 6., Register, December, 1988, No. 396, eff. 1-1-89.

**SEC 32.06 Form of application.** (1) All applications for registration of an offer to sell or sale of a franchise, all registration renewal statements and all applications to amend the registration statement shall be filed upon the uniform franchise registration application adopted in September, 1975 by the Midwest Securities Commissioners Association and adopted in April, 1980 by the North American Securities Administrators Association.

(2) In determining whether an applicant has complied with the requirements of the uniform franchise registration application, the commissioner shall follow the Guidelines for Preparation of the Uniform Franchise Offering Circular and Related Documents adopted in October, 1977 by the Midwest Securities Commissioners Association and in April, 1980 by the North American Securities Administrators Association, as amended November 20, 1986. Copies of the Guidelines are available from the commissioner's office for a prepaid fee of \$10. The Guidelines are published in the CCH NASAA Reports published by Commerce Clearing House and are on file at the offices of the Wisconsin secretary of state and the revisor of statutes.

(3) An applicant's offering circular shall disclose, and its franchise contract or agreement shall state, that ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the applicant's franchise contract or agreement inconsistent with that law.

History: Cr. Register, December, 1980, No. 300, eff. 1-1-81; cr. (3), Register, December, 1986, No. 372, eff. 1-1-87; am. (2), Register, December, 1987, No. 384, eff. 1-1-88.

**SEC 32.07 Renewal or amendment of registration statements.** (1) A registration renewal statement under s. 553.30, Stats., shall be filed on a form prescribed by the commissioner not less than 15 business days prior to the end of one year from the effective date of the registration statement, and shall be accompanied by the latest form of prospectus or offering circular, meeting the requirements of s. SEC 32.06, used in connection with the sale of the registered franchises together with a balance sheet of the franchisor as of a date within 120 days of the proposed renewal date and an income statement and analysis of surplus of the franchisor for its last fiscal year preceding the date of the balance sheet and for the period between the close of the franchisor's last fiscal year and the date of the balance sheet, all meeting the requirements of s. SEC 35.05. If no stop order or other order under s. 553.28, Stats., is in effect, renewal of the registration statement becomes effective on the day on which the prior registration statement expires or at an earlier time as the commissioner determines.

(2) An application to amend a registration statement under s. 553.31, Stats., shall be filed on a form prescribed by the commissioner at any time during the effectiveness of a registration statement under s. 553.29, Stats. The commissioner may take, upon such filing, action appropriate

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in the public interest or for the protection of investors under s. 553.26 (20) or 553.28, Stats. The registration statement or registration renewal statement filed with the commissioner remains in effect while an application to amend such registration statement or registration renewal statement is being reviewed by the commissioner. If the commissioner does not require additional information under s. 553.26 (20), Stats., or if no stop order or other order under s. 553.28, Stats., is in effect, the amendment to the registration statement or registration renewal statement becomes effective 15 business days after receipt by the commissioner of the application to amend the registration statement or registration renewal statement or at an earlier time determined by the commissioner. In the case of an application for registration or a registration renewal statement, the effective date of the original application for registration or, as the case may be, registration renewal statement shall remain the date from which time is measured for purposes of renewal of registration statements under s. SEC 32.07, and the filing of periodic reports under s. SEC 32.08.

(3) In the absence of the filing of a registration renewal statement under s. 553.30, Stats., or of an application to amend a registration statement under s. 553.31, Stats., the commissioner may by order extend the offering period of a registration statement subject to conditions the commissioner prescribes for the protection of investors.

History: Cr. Register, October, 1972, No. 202, eff. 11-1-72; renum. from SEC 32.08 and am. Register, December, 1980, No. 300, eff. 1-1-81.

**SEC 32.08 Periodic reports for franchisors or franchise registrants.** (1) Each franchisor or registrant of franchises under s. 553.29 (2), Stats., shall file with the commissioner quarterly commencing 90 days after the effective date of its registration statement any reports required by order, on a form prescribed by the commissioner, specifying the number of franchises sold in the state pursuant to the registration statement, the selling prices of each of the franchises, and graphic representations of the exclusive areas, if any, sold to the franchisees.

(2) Each franchisor or registrant of franchises under s. 553.29 (2), Stats., shall file with the commissioner any additional reports of sales of franchises and financial statements required by order, and shall furnish the commissioner, pursuant to s. 553.31 (1), Stats., with written notice within 30 days after the happening of any material event or material change affecting the franchisor or the franchises registered.

History: Cr. Register, October, 1972, No. 202, eff. 11-1-72; renum. from SEC 32.09 and am., Register, December, 1980, No. 300, eff. 1-1-81.

**SEC 32.09 Registration proceedings.** If, in connection with the examination of any application for registration under s. 553.26, Stats., any information is reasonably required by the commissioner prior to the effective date of an application for registration under s. 553.29 (1), Stats., and the request is communicated by the commissioner to the applicant or interested person in any form within the 15 business day period specified in s. 553.29 (1), Stats., which period shall commence on the day following receipt by the commissioner of the application for registration, the filing of an application for registration is made when the additional information so required is received by the commissioner.

History: Cr. Register, October, 1972, No. 202, eff. 11-1-72; renum. from SEC 32.10 and am., Register, December, 1980, No. 300, eff. 1-1-81; am. Register, December, 1987, No. 384, eff. 1-1-88.

## SEC 32

**SEC 32.10 Underscoring changes.** If any registration renewal statement under s. 553.30, Stats., or any application for amendment to a registration statement under s. 553.31, Stats., alters the text of the prospectus or offering circular, or of any item, exhibit or other document previously filed as a part of the application for registration under s. 553.26, Stats., the changes in the text shall be indicated by means of underscoring or in some other appropriate manner.

*History:* Cr. Register, October, 1972, No. 202, eff. 11-1-72; renum. from SEC 32.11 and am., Register, December, 1980, No. 300, eff. 1-1-81.

**SEC 32.11 Signing of applications.** An application for registration under s. 553.26, Stats., a registration renewal statement under s. 553.30, Stats., an application to amend a registration statement under s. 553.31, Stats., an application for an opinion confirming an exemption from registration under s. 553.22, Stats., a notice filing under s. SEC 32.05 (1) (c) or an application for an order of exemption under s. 553.25, Stats., shall be signed by an officer or general partner of the applicant, as the case may be, however, it may be signed by another person holding a power of attorney for such purposes from the applicant and, if signed on behalf of the applicant pursuant to such power of attorney, shall include, as an additional exhibit, a copy of said power of attorney or a copy of the corporate resolution authorizing the person signing to act on behalf of the applicant.

*History:* Cr. Register, October, 1972, No. 202, eff. 11-1-72; renum. from SEC 32.12, Register, December, 1980, No. 300, eff. 1-1-81; am. Register, December, 1981, No. 312, eff. 1-1-82; am. Register, December, 1985, No. 360, eff. 1-1-86.

**SEC 32.12 Escrow of franchise fees and other consideration.** (1) In a case where the applicant has failed, within the meaning of s. 553.27 (2), Stats., to demonstrate that adequate financial arrangements have been made to fulfill obligations to provide real estate, improvements, equipment, inventory, training or other items included in the offering, the commissioner may impose, as a condition to the registration of a franchise offering, an escrow of the franchise fees and other funds paid by the franchisee or subfranchisor until no later than the time of opening of the franchise business.

(2) When an escrow condition is imposed under sub. (1), 100% of franchise fees and all other funds paid by the franchisees or subfranchisors for any purpose shall within 48 hours of the receipt of the funds, be placed with the depository until the commissioner takes further action pursuant to sub. (1). All checks shall be made payable to the depository.

(3) When an escrow condition is imposed under sub. (1), the franchisor shall deliver to each franchisee or subfranchisor, a purchase receipt, in a form approved by the commissioner. Such purchase receipts shall be consecutively numbered and prepared in triplicate and the original given to the franchisee or subfranchisor, the first copy to the depository together with the payment received and the second copy to the franchisor.

(4) Funds subject to an escrow condition imposed under sub. (1), shall be placed in a separate trust account with a national bank located in Wisconsin or a Wisconsin bank or trust company. A written consent of the depository to act in such capacity shall be filed with the commissioner.

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