



## CANADIAN FRANCHISE ASSOCIATION

### **Definition of a Franchise**

For CFA purposes, “franchise” means a business operated by a franchisee under a contractual licence from a franchisor, (1) which is identified by a trade-mark, service mark, trade name, logo, advertising or other commercial symbol that belongs to the franchisor; (2) in which the franchisor provides or offers significant ongoing assistance to the franchisee or prescribes significant ongoing requirements for the establishment and operation of the franchised business in a uniform manner, such as training, goods and services, methods of operation, location, building design and furnishings, advertising and promotion, business or marketing plans, specifications and quality standards; and (3) in which the franchisor receives a payment or ongoing payments from the franchisee, usually in the form of franchise fees, royalties, and/or product mark-ups or fees. It is not necessary for a business to use the terms “franchisor” and “franchisee” in its contracts or other material to be considered a franchise. “Franchisor” includes affiliates and associates of the franchisor.

*Source: Approved by CFA Executive Committee - September 28, 2001/ Revised by CFA Board of Directors – September 2007*