



For Your Information

## FTC Adjusts Monetary Thresholds for Three Exemptions in Franchise Rule

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June 3, 2020

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The Federal Trade Commission is adjusting three monetary exemption thresholds for inflation in its [Franchise Rule](#). The thresholds are used to determine whether the sale of a franchise qualifies for an exemption from the Rule. The Rule requires franchisors to disclose key information prospective buyers need to evaluate the risks and benefits of investing in a franchise.

The Rule requires the FTC to adjust the thresholds for inflation every four years based on the Consumer Price Index. The exemptions from compliance with the Rule, which will take effect July 1, 2020, are:

- Sales where the buyer pays less than \$615 (currently \$570) for the franchise;
- Sales requiring a large investment where the franchisee pays at least \$1,233,000 (currently \$1,143,100), excluding the cost of unimproved land and any franchisor (or affiliate) financing; and
- Sales to large entities, such as multi-unit franchisees, airports, hospitals, and universities that have been in business for at least five years and have a net worth of at least \$6,165,500 (currently \$5,715,500).

The Commission vote to approve the Federal Register notice was 5-0. The notice was published in the [Federal Register](#).

The Federal Trade Commission works to promote competition and [protect and educate consumers](#). Learn more about consumer topics at [consumer.ftc.gov](#), or report fraud, scams, and bad business practices at [ReportFraud.ftc.gov](#). Follow the [FTC on social media](#), read [consumer alerts](#) and the [business blog](#), and [sign up to get the latest FTC news and alerts](#).

Press Release Reference

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## Contact Information

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