



## EUROPEAN FRANCHISE FEDERATION

*"The Single Voice for the Franchise Industry & its Ethics in Europe"*

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# EUROPEAN CODE OF ETHICS FOR FRANCHISING

## PREAMBLE

- 1) This preamble sets out the purpose of the European Code of Ethics for Franchising and the principles under which Member Associations of the European Franchise Federation will apply the Code in their countries.
- 2) The EUROPEAN CODE OF ETHICS FOR FRANCHISING is a practical ensemble of essential provisions for the governance of the relations between a franchisor and each of its franchisees, operating together in the framework of the franchise network. The overarching principles of ethics that underline this set of provisions are good faith & fair dealings, which translate as franchisor-franchisee relations based on fairness, transparency and loyalty each of which contribute to founding confidence in the relationship.
- 3) The principles of the CODE are applicable at all stages of the franchise relationship: pre-contractual, contractual and post-contractual stages.
- 4) The EUROPEAN CODE OF ETHICS FOR FRANCHISING constitutes the franchising industry's Self-Regulatory Code and is there for all stakeholders in the franchise industry in Europe to look to for guidance on franchising generally.
- 5) The CODE's clear and unambiguous principles are not in contradiction with national laws and fundamental rights in the EU. Its principles have the continuing objective of setting up a more efficient framework for franchising.
- 6) In particular, the CODE is the foundation stone of the action of the EUROPEAN FRANCHISE FEDERATION's National Franchise Association Members. Their respective membership rules, accreditation as well as disciplinary schemes must comply with the standards set in the CODE. The CODE, in its entirety, is binding for all EFF Members as well as their respective memberships. The CODE is endorsed by all EFF Member Franchise Associations each of which is committed to its promotion, interpretation and implementation in their own country. Each Association is responsible for ensuring that the Code is publicly available, in particular to all those entering the franchise industry.

- 7) National Franchise Associations which are Members of the EFF have the opportunity to add to the European Code of Ethics a National Extension and/or Interpretation to meet national requirements provided that it does not derogate from or misinterpret the Code.
- 8) The EFF represents the franchise industry as a whole which, in a multi-stakeholder approach, means the interests of the franchise networks, inclusive of franchisors and franchisees towards public authorities, civil society, and consumers.
- 9) The EUROPEAN CODE OF ETHICS FOR FRANCHISING was originally written in 1972 by major industry actors in Europe, members of the EFF's founding associations. It directly reflects the experience of good behaviour of franchisors and franchisees in Europe. It was reviewed in 1992 to reflect the evolution of franchising on the market as well as to meet the development of the EU's regulatory frame.
- 10) THE CODE has been updated in 2016 in order to further integrate provisions which reflect the continued franchisor-franchisee experience on the market in the countries of its Member associations, as well as to meet the recommendations of the European Commission<sup>1</sup> on matters of Self-Regulation. The Code is a living plan of action. Its updates are ongoing and iterative so as to remain relevant to an ever-evolving industry.
- 11) The EFF believes, and this is attested by its 40-year experience as the single voice for franchising in Europe, that robust Self-Regulation is the best adapted and most flexible mode of regulation for the European franchise industry. It is on this foundation that Franchising has contributed significantly to the promotion of independent entrepreneurship, in particular the development of SME's and modernised commerce, as well as related employment on the European markets.
- 12) THE EUROPEAN FRANCHISE FEDERATION (EFF) is a not-for-profit international association constituted in 1972. It is registered in Brussels, Belgium where it has a permanent Secretariat. The Federation's members are the single accredited national franchise associations from countries that fall under the geo/institutional conditions expressed in the EFF's Statutes.
- 13) The most important of the EFF's roles is to promote the adoption of the CODE of ETHICS so as to secure the development in the EU of proper and ethical franchising.

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<sup>1</sup><https://ec.europa.eu/digital-single-market/en/cop-principles-better-self-and-co-regulation>

# THE EUROPEAN CODE OF ETHICS FOR FRANCHISING

## 1. DEFINITION OF FRANCHISING

Franchising is a system of marketing goods and/or services and/or technology, which is based upon a close and ongoing collaboration between legally and financially separate and independent undertakings, the Franchisor and its individual Franchisees, whereby the Franchisor grants its individual Franchisee the right, and imposes the obligation, to conduct a business in accordance with the Franchisor's concept.

The right entitles and compels the individual Franchisee, in exchange for a direct or indirect financial consideration, to use the Franchisor's trade name, and/or trade mark and /or service mark, know-how, business and technical methods, procedural system, and other industrial and /or intellectual property rights, supported by continuing provision of commercial and technical assistance, within the framework and for the term of a written franchise agreement, concluded between parties for this purpose.

**-"know-how"** means a package of non-patented practical information, resulting from experience and testing by the Franchisor, which is secret, substantial and identified.

**-"secret"** means that the know-how is not generally known or easily accessible; it is not limited in the narrow sense that each individual component of the know-how should be totally unknown or unobtainable outside the Franchisor's business;

**-"substantial"** means that the know-how is significant and useful to the buyer for the use, sale or resale of the contract goods or services;

**-"identified"** means that the know-how must be described in a sufficiently comprehensive manner so as to make it possible to verify that it fulfils the criteria of secrecy and substantiality;

## 2. GUIDING PRINCIPLES

2.1 The Franchisor is the initiator and long-term guardian, in a market, of a franchise network, composed of the Franchisor and its individual Franchisees.

2.2 The commitments of the Franchisor:

The Franchisor

- i. shall have operated a business concept with success in the relevant market, for at least one year and in at least one pilot unit before starting its franchise network in that market;

- ii. shall be the owner, or have the legal rights to the use of its network's trade name, trade mark or other distinguishing identification;
- iii. shall recognize their franchisees as independent entrepreneurs and shall not directly or indirectly subordinate them as employees;
- iv. shall provide the Individual Franchisee with initial training and continuing commercial and /or technical assistance during the entire life of the agreement;
- v. shall grant the right to use the know-how transferred and/or made available to the Franchisee, which know-how it is the franchisor's responsibility to maintain and develop;
- vi. shall transfer and/or make available the know-how to the Franchisee through adequate means of information and training and shall monitor and control the proper use of that know-how;
- vii. shall encourage feedback of information from Franchisees in order to maintain and develop the know-how transferred and/or made available to them;
- viii. shall, in the pre-contractual, contractual and post-contractual phases of their relationship with Franchisees, seek to prevent any wrongful usage of or, in particular, the transmission of know-how to, competing networks so as to avoid prejudice to the interests of the network;
- ix. shall invest as appropriate the means, financial and human, to promote his brand and to engage in the research and innovation that will ensure the long-term development and continuity of his concept;
- x. shall inform prospective and individual franchisees of his internet commercial and/or sales policy;
- xi. shall seek to safeguard the interests of the network in the development of its (the Franchisor's) on-line commercial and/or sales policy;

### 2.3 The commitments of each Franchisee:

#### The Franchisee

- i. shall accept the obligation to collaborate loyally with the Franchisor in ensuring the success of the network which the franchisee has joined as an informed and fully independent entrepreneur;

- ii. shall devote its best endeavours to the growth of the franchise business and to the maintenance of the common identity and reputation of the franchise network;
- iii. shall be responsible for the human and financial means that it engages in its franchise business and is responsible as an independent entrepreneur, with regard to third parties, for his acts within the framework of the franchise;
- iv. shall act loyally with regard to each of the other Franchisees of the network as well as with regard to the network itself;
- v. shall supply the Franchisor with verifiable operating data to facilitate the determination of performance and the financial statements necessary for effective management guidance;
- vi. shall allow the Franchisor to ensure that the quality and image of the concept is properly maintained in the products and services provided by the Franchisee to the customer/consumer;
- vii. shall recognize his responsibilities as a fully independent entrepreneur with regard to the customer/consumer;
- viii. shall not disclose to third parties the know-how and other information material to the operation of the franchise provided by the Franchisor, neither during nor after termination of the franchise agreement.

#### 2.4 The ongoing commitments of both parties:

##### The Parties

- i. shall seek to safeguard the image and reputation of the network in the running of their respective businesses;
- ii. shall exercise good faith and fairness in their dealings with each other. The parties shall give written notice of any contractual breach and, unless inappropriate, grant reasonable time to the other party to remedy default;
- iii. shall respect the confidentiality of information material to the franchise concept provided by the one to the other;
- iv. shall resolve complaints, grievances and disputes with good faith and goodwill through fair and reasonable direct communication and negotiation;
- v. shall where appropriate and where parties have failed to resolve a dispute through direct negotiation, seek in good faith mediation before

litigation and/or arbitration organized or approved by an EFF National Association Member;

### **3. RECRUITMENT, ADVERTISING AND DISCLOSURE**

- 3.1 Advertising for the recruitment of Individual Franchisees shall be free- of ambiguity and misleading statements.
- 3.2 Any recruitment, advertising and publicity material, containing direct or indirect references to future possible results, figures or earnings to be expected by Individual Franchisees, shall be objective and shall not be misleading.
- 3.3 In order to allow prospective Individual Franchisees to enter into any binding document with full knowledge, they shall be given a copy of the present Code of Ethics, or a public access to it, as well as full and accurate written disclosure of all information material to the franchise relationship, within a reasonable time prior to the execution of these binding documents.
- 3.4 The prospective Franchisee is responsible for carefully analyzing the information material to the franchise relationship, including choosing to take appropriate professional advice, before signing the franchise agreement.
- 3.5 The prospective Franchisee must be truthful and transparent in the information about his experience, his financial capacities, his training, background and any other information material to the franchise relationship he provides for the purpose of his selection by the Franchisor.
- 3.6 If a Franchisor imposes a pre-contract on a candidate individual Franchisee, the following principles should be respected:
  - i. prior to the signing of any pre-contract, the candidate Individual Franchisee should be given written information on its purpose and on any consideration he may be required to pay to the Franchisor to cover the latter's actual expenses, incurred during and with respect to the pre-contract phase; if the franchise agreement is executed, the said consideration should be reimbursed by the Franchisor or set off against a possible entry fee to be paid by the Individual Franchisee;
  - ii. the pre-contract shall define its term and include a termination clause;
  - iii. the Franchisor can impose non-competition and/or confidentiality clauses to protect its know-how and identity.

#### **4. SELECTION OF INDIVIDUAL FRANCHISEES**

A Franchisor should select and accept as Individual Franchisees only those who, upon reasonable investigation, appear to possess the basic skills, education, personal qualities and financial resources sufficient to carry on the franchised business.

#### **5. THE FRANCHISE AGREEMENT**

- 5.1 The Franchise agreement shall comply with the National law, European community law and this Code of Ethics and any National Extensions thereto.
- 5.2 The agreement shall protect the Franchisor's industrial and intellectual property rights so as to secure the common identity, reputation and interests of the franchise network.
- 5.3 Franchisors shall offer to franchisees all agreements and all contractual arrangements in connection with the franchise relationship, in writing, in the official language of the country the Individual Franchisee is established in or in a language in which the franchisee formally declares itself competent. **Signed agreements** shall be given immediately to the Individual Franchisee.
- 5.4 The Franchise agreement shall set forth without ambiguity, the respective rights and obligations of the parties and all other material terms of the relationship.
- 5.5 The essential minimum terms of the agreement shall include at least the following:
  - i. the rights granted to the Franchisor
  - ii. the rights granted to the Individual Franchisee
  - iii. the Franchisor's intellectual property rights on the brands, signs, etc. which should be established for a term at least as long as the term of the franchise agreement
  - iv. the goods and/or services to be provided to the Individual Franchisee
  - v. the obligations of the Franchisor
  - vi. the obligations of the Individual Franchisee
  - vii. the terms of payment by the Individual Franchisee
  - viii. the duration of the agreement which should be long enough to allow Individual Franchisees to amortize their initial and subsequent investments specific to the franchise
  - ix. the basis, including the notice which both parties must give, for any renewal of the agreement

- x. the terms upon which the Individual Franchisee has the right to sell or transfer the franchised business as a going concern and the Franchisor's possible pre-emption rights in this respect
- xi. provisions relevant to the use by the Individual Franchisee of the Franchisor's distinctive signs, trade name, trademark, service mark, store sign, logo or other distinguishing identification
- xii. the Franchisor's right to adapt the franchise system to new or changed methods
- xiii. provisions for termination of the agreement
- xiv. provisions for surrendering promptly upon termination of the franchise agreement any tangible and intangible property belonging to the Franchisor or other owner thereof.

## **6. THE CODE OF ETHICS AND MASTER-FRANCHISE SYSTEMS**

This Code of Ethics shall apply to the relationship between the Franchisor and its Individual Franchisees and equally between the Master Franchisee and its Individual Franchisees. It shall not apply to the relationship between the Franchisor and its Master-Franchisees.

*End of the European Code of Ethics for Franchising.*

*Latest revision: final 6 Dec. 2016*

## **NATIONAL ANNEXES**

As explained under Preamble point 7, National Franchise Associations which are Members of the EFF have the opportunity to add to the European Code of Ethics a National Extension and/or Interpretation to meet national requirements provided that the Extension or Interpretation does not derogate from or misinterpret the Code.

### **National Annexes adopted by individual National Franchise Associations and applicable within their respective countries**

**1) UK/British Franchise Association - BFA (in English)**

**2) France/Fédération Française de la Franchise - FFF (in French & English)**

**3) Belgium/Fédération Belge de la Franchise – FBF/Belgische Franchise Federatie – BFF (in Dutch, French& English)**

## **1) NATIONAL ANNEXE OF THE BRITISH FRANCHISE ASSOCIATION (BFA) TO THE CODE OF ETHICS: IN ENGLISH**

### **BRITISH FRANCHISE ASSOCIATION CODE OF ETHICAL CONDUCT: EXTENSION AND INTERPRETATION**

This Extension and Interpretation forms an integral part of the Code of Ethical Conduct adopted by the British Franchise Association and to which its members adhere.

#### **APPLICATION**

1. This Code of Ethical Conduct forms part of the membership agreement between the British Franchise Association and its member companies. It does not form any part of the contractual agreement between franchisor and franchisee unless expressly stated to do so by the franchisor. Neither should anything in this Code be construed as limiting a franchisor's right to sell or assign its interest in a franchised business.

#### **INDEPENDANCE**

2. The Code states under clause 2.2(iii) that the franchisor must ensure that it recognises its franchisees as independent entrepreneurs and not directly or indirectly subordinate them as employees. Franchisors should seek to ensure that they treat franchisees as independent businesses and consider to what extent the individual genuinely running their own business, at their own discretion and their own risk and what rights they have – workers have certain significant rights under UK employment legislation, whereas self-employed individuals do not.

#### **DISCLOSURE**

3. The objectivity of recruitment literature (Clause 3.2) refers specifically to publicly available material. It is recognised that in discussing individual business projections with franchisees, franchisors are invariable involved in making assumptions which can only be tested by the passage of time.

#### **CONFIDENTIALITY**

4. For the generality of this Code of Ethical Conduct, 'know-how' is taken as being as defined in the European Commission Regulation (EU) No. 330/2010 to Article 101(1) of the Treaty on the Functioning of the European Union. However, for the purposes of Article 3.6 of the European Code of Ethics it is accepted that franchisors may impose non-competition and secrecy clauses to protect other information and systems where they may be reasonably regarded as material to the operation of the franchise.

#### **CONTRACT TERM**

5. In suggesting in Article 5.5 of the European Code of Ethics that the minimum term for a franchise contract should be the period necessary to amortize those of a franchisee's initial and subsequent investment which are specific to the franchise, it is recognised:
  - a. that for a minority of the largest franchise opportunities amortizing initial investments may not be a primary objective for the franchisee. In such cases the objective should be to adopt a contract period which reasonably balances the interests of the parties to the contract.
  - b. that this section could be subject to national laws concerning the restraint of trade and may need to be met through renewal clauses.

### **MASTER FRANCHISEES**

6. Clause 5.5(iii) of the new Code of Ethics states that the Franchisor's intellectual property rights on the brands, signs etc. should be established for a term at least as long as the term of the franchise agreement. With regard to Master franchisees, in interpreting this clause the bfa takes in to account the Master franchisee's renewal rights, thus ensuring that a Master Franchisee has a potentially long enough term left on its master franchise agreement to grant unit franchises. However in the spirit of the Code of Ethics the bfa also makes the assumption that if the master franchisee's contract were to cease, in order to ensure that the grant of the intellectual property rights under the franchise agreement are not prejudiced the responsibility for the continuing trading of the unit franchisees should be preserved either by transfer to the Franchisor or to its nominee.

### **CONTRACT RENEWAL**

7. The basis for contract renewal should take into account the length of the original term, the extent to which the contract empowers the franchisor to require investments from the franchisee for refurbishment or renovation, and the extent to which the franchisor may vary the terms of a contract on renewal. The overriding objective is to ensure that the franchisee has the opportunity to recover their franchise specific initial and subsequent investments and to exploit the franchised business for as long as the contract persists.

### **ADOPTION**

This Code of Ethical Conduct comprising this Extension and Interpretation and the European Code of Ethics for Franchising was adopted by the British Franchise Association, replacing its previous Code of Ethics on 8<sup>th</sup> December 2016, subject to a transitional period for full compliance ending 31st December 2017. During the transitional period members of the Association are nonetheless required to comply at least with the Code of Ethics previously in force. ♦

## 2) NATIONAL ANNEXE OF THE FÉDÉRATION FRANÇAISE DE LA FRANCHISE (FFF) TO THE CODE OF ETHICS: IN FRENCH & ENGLISH

(1) Le concept est la conjonction originale de trois éléments: • la propriété ou le droit d'usage de signes de ralliement de la clientèle: marque de fabrique de commerce ou de services, enseigne, raison sociale, nom commercial, signes et symboles, logos; • l'usage d'une expérience, d'un savoir-faire; • une collection de produits, de services et /ou de technologies brevetées ou non, qu'il a conçus, mis au point, agréés ou acquis.

(1) The franchise concept is an original conjunction of three (3) elements:

- a) the property of or the right to use the signs that rally the customer: the brand name, trademark, trade name, corporate, business or commercial name, signs, symbols, logos,
- b) the use of commercial experience, expertise, know-how,
- c) a range of products, services and/or technology, patented/registered or not, which the franchisor has conceived, adapted, approved or bought.

(2) Secret, le fait que le savoir-faire, dans son ensemble ou dans la configuration et l'assemblage précis de ses composants, ne soit pas généralement connu ou facilement accessible: cela n'est pas limité au sens étroit que chaque composant individuel du savoir-faire doit être totalement inconnu ou impossible à obtenir hors des relations avec le franchiseur.

(2) Secret, meaning that the know-how as a whole, or in the precise assembly or configuration of its components, is not generally known or easily accessible. This meaning is not limited to the strict or literal sense that each individual component of the know-how needs to be totally unknown or impossible to access independently of the relation with the franchisor.

(3) Substantiel, le fait que le savoir-faire doit inclure une information indispensable pour la vente de produits ou la prestation de services aux utilisateurs finaux et notamment pour la présentation des produits pour la vente, la transformation des produits en liaison avec la prestation de services, les relations avec la clientèle, et la gestion administrative et financière ; le savoir-faire doit être utile pour le franchisé en étant susceptible, à la date de conclusion de l'accord, d'améliorer la position concurrentielle du franchisé, en particulier en améliorant ses résultats ou en l'aidant à entrer sur un nouveau marché.

(3) Substantial, meaning the fact that the know-how must include the information indispensable for the sale of products or the provision of a

service to the final customer, including for the presentation of products for sale, the transformation of products in liaison with the provision of services, the relations with customers, and the administrative and financial management. The know-how must be useful to the franchisee in the sense that, at the conclusion of the agreement, it is likely to enhance his competitive position and, in particular, to improve his results and/or help him enter a new market.

(4) Identifié, le fait que le savoir-faire doive être décrit d'une façon suffisamment complète pour permettre de vérifier qu'il remplit les conditions de secret et de substantialité ; la description du savoir-faire peut être faite dans l'accord de franchise, dans un document séparé ou sous toute autre forme appropriée.

(4) Identified, meaning that the know-how must be described in a manner sufficiently complete to be able to verify that it meets the conditions of "secret" and "substantial". The know-how may be described either in the franchise agreement, in a separate document or in any other appropriate form or support.

(5) Le réseau de franchise est constitué du franchiseur et des franchisés. Le réseau de franchise, par son organisation et son développement, contribue à améliorer la production et /ou la distribution des produits et /ou services ou à promouvoir le progrès technique et économique tout en réservant aux utilisateurs une partie équitable du profit qui en résulte. Le franchiseur doit favoriser un dialogue permanent et structuré entre son organisation et les franchisés en favorisant des instances de concertation. Le franchisé doit s'impliquer dans la vie du réseau et contribuer à l'intérêt général du réseau. La marque du franchiseur, symbole de l'identité et de la réputation du réseau, constitue la garantie de la qualité du service rendu au consommateur. Cette garantie est assurée par la transmission et le contrôle du respect d'un savoir-faire et la mise à disposition d'une gamme homogène de produits et /ou de services et /ou de technologies. Le franchiseur s'assure que le franchisé, par une signalisation adéquate, fait connaître sa nature d'entrepreneur juridiquement indépendant.

(5) The franchise network is composed of the franchisor and the franchisees.

The franchise network, by its organisation and its development, contributes to enhancing the production and/or distribution of goods and/or services and/or contributes to promoting economic and technical progress whilst at the same time ensuring that the customer benefits from an equitable share of the resulting profit. The franchisor must favour a permanent and structured dialogue between his organisation and each and all of the franchisees by implementing dialogue structures. The franchisee must engage in the life of the network and contribute to its general interest. The franchisor's brand/trade name, symbol of the network's identity and reputation, constitutes the guarantee of the quality of service that is offered to the customer.

This guarantee is assured by the transmission and the controls on the respect of the know-how as well as in the offer of a homogenous range of

products, services and/or technologies. The franchisor will ensure that each franchisee clearly publicizes, by the appropriate signs visible to the customer, his status as a legally independent entrepreneur.

(6) L'image de marque Le franchiseur garantit au franchisé la jouissance de signes de ralliement de la clientèle mis à sa disposition. Il doit notamment lui garantir la validité de ses droits sur la ou les marques dont l'usage est conféré à quelque titre que ce soit, au franchisé. Le franchiseur entretient et développe l'image de marque. Le franchiseur veille au respect par le franchisé des prescriptions d'utilisation de la marque et des autres signes de ralliement mis contractuellement à sa disposition. À l'issue du contrat, le franchiseur s'assurera de la non-utilisation des signes de ralliement de la clientèle par l'ancien franchisé. En cas d'exclusivité de l'utilisation de la marque sur un territoire donné, le franchiseur en précise les modalités : objet, portée. Le franchiseur s'assure par tout moyen que la collection de produits et /ou de services et /ou de technologies offerts au consommateur est bien conforme à l'image de marque et ce au moyen d'une clause d'achats exclusifs pour les systèmes qui le justifieraient et en particulier lorsque les produits portent la marque du franchiseur.

(6) The brand image: the franchisor guarantees the franchisee the rights to use all of the brand's customer rallying signs put at his disposal. The franchisor must also guarantee the validity of the rights he has on the brand(s)/trade name(s) that have been conferred in whatever capacity to the franchisee. The franchisor maintains and develops the image of the brand. The franchisor must control that the franchisee is using the brand/trade name and all other commercial signs that are put contractually at his disposition in accordance with the instructions for their proper use. On termination of the contract, the franchisor will control that the ex-franchisee is no longer using the brand/trade names of the concept. If the contract contains a clause of territorial exclusivity for the use of the brand, the franchisor must specify its conditions, including object and scope. The franchisor must make sure, by all means, that the range of products and/or services and/or technologies offered to the customer are in proper conformity with the image of the brand. As the case may be, this may be ensured by means of a clause of exclusive supply, in particular if the products carry the brand/trade name of the franchisor.

(7) À cet égard, le contrat pourra prévoir une clause de non-concurrence en cours ou en fin de contrat dont la durée, la portée et l'objet sont déterminés pour tenir compte de l'intérêt du réseau.

(7) In this respect, the contract may foresee an in-term or post-term non-compete clause whose object, term and scope are defined to take into account the interests of the network.

(8) Les relations contractuelles : Le franchiseur et les franchisés savent qu'ils collaborent dans un système où leurs intérêts sont liés, tant à court qu'à terme plus long. La souplesse du système et le sens des responsabilités de chacun ont fait le succès de la franchise. Les relations entre les partenaires doivent donc permettre de suivre les évolutions nécessaires à améliorer le fonctionnement du réseau de franchise et la satisfaction du consommateur. Le franchiseur établit le contrat écrit qui énonce de façon complète et précise les droits, obligations et responsabilités des parties. Le contrat doit traduire la stratégie du réseau de franchise. Il comporte l'indication des moyens nécessaires pour atteindre la réalisation du concept de franchise. Le contrat n'impose pas aux parties intéressées de restrictions qui ne soient pas nécessaires pour atteindre les objectifs.

L'équilibre du contrat est apprécié d'une façon globale en fonction de l'intérêt du réseau de franchise. Le cadre contractuel permet l'expression d'un dialogue permanent et favorise les solutions de conciliation.

(8) The contractual relations: the franchisor and the franchisees are fully aware that they are collaborating in a system in which their interests are linked for the short and long term. The flexibility of the franchise system and the sense of responsibility of each party attest to the success of franchising. The relations between the parties must therefore make allowance for the necessary evolutions needed to improve the functioning of the network as well as the satisfaction of the customer.

The franchisor defines the terms of the written contract and details in full and in precise terms the rights, obligations, and responsibilities of each party. The contract must reflect the strategy of the franchise network and indicate the means necessary to the accomplishment of the franchise concept.

The contract will not impose restrictions on either party which are not necessary to the attainment of the objectives. The balance of the contract is to be appreciated globally in light of the general interest of the franchise network. The general contractual framework allows for a permanent dialogue and will favour conciliatory solutions.

(9) En qualité de responsable de l'identité et de la réputation du réseau, le franchiseur s'efforce, en proportion de ses moyens et des buts recherchés, de :

- Définir des normes de qualité et veiller ou faire veiller à leur respect par les franchisés vis-à-vis du consommateur.
- Maintenir le franchisé informé de l'existence de sa responsabilité, spécifique à la franchise, à l'égard du consommateur, en qualité de commerçant indépendant et notamment du recours possible au Comité de Médiation Franchise-Consommateurs de la Fédération Française de la Franchise.
- Dans les cas où l'activité du réseau de franchise nécessite un paiement d'avance total ou partiel par le consommateur, d'attirer l'attention du franchisé sur la nécessité de garantir le consommateur, soit par sa solvabilité propre, soit par une assurance, une garantie bancaire ou tout autre moyen.

(9)

As the party responsible for the identity and the reputation of the network, the franchisor strives, proportionally to his means and the objectives sought:

- 1) to define norms of quality as well as their means of control, direct or indirect, by the franchisee with regards to the customer,
- 2) to keep the franchisee informed of his responsibilities, specific to the franchise, with regards the customer, including his status as an independent entrepreneur. The franchisor will also inform the franchisee of the opportunity of having recourse to the services of the "Comité de Médiation Franchise-Consommateurs" of the French Franchise Federation.
- 3) in case the franchise sales require advance payments by the customer, partial or total, the franchisor must draw the franchisee's attention to the franchisee's need to guarantee the customer, either by being personally solvable or by taking up an insurance, a bank guarantee or by any other appropriate means.

(10) Le cas échéant, le franchiseur informe le franchisé avec un préavis suffisant de son intention de ne pas renouveler l'ancien contrat arrivé à son terme ou de ne pas signer un nouveau contrat, et réciproquement.

(10)

As the case may be, the franchisor and franchisee inform one another reciprocally, and with sufficient notice, of either party's intention not to renew the present contract as it reaches its term or of not wishing to sign a new contract.

(11) Le franchiseur, ayant indiqué dans le contrat les conditions de reprise et /ou d'utilisation des matériels spécifiques à la franchise, ne recherche pas, par ces conditions, à pénaliser l'ancien franchisé, mais à protéger l'identité et la réputation du réseau de franchise.

(11)

The franchise contract should specify the conditions for the franchisor to recover or take back certain goods or furnishings specific to the franchise once the contract ends. In this, the franchisor is not seeking to penalise the ex-franchisee but to protect the identity and reputation of the franchise network.

(12) Le franchiseur ne doit pas développer de pratiques injustifiées privant le franchisé de sa liberté de quitter le réseau à la fin du contrat de franchise.

(12) The franchisor must not develop unjustified practices which hinder the franchisee's freedom to leave the network at the end of the franchise contract. ♦

**B. National Annexe of the FFF in English**

*See above*

**Belgium/Fédération Belge de la Franchise – FBF/Belgische Franchise Federatie – BFF (in Dutch, French & English)**

- A. National Annexe of the FBF-BFF in Dutch**
- B. National Annexe of the FBF-BFF in French**
- B. National Annexe of the FBF-BFF in English**