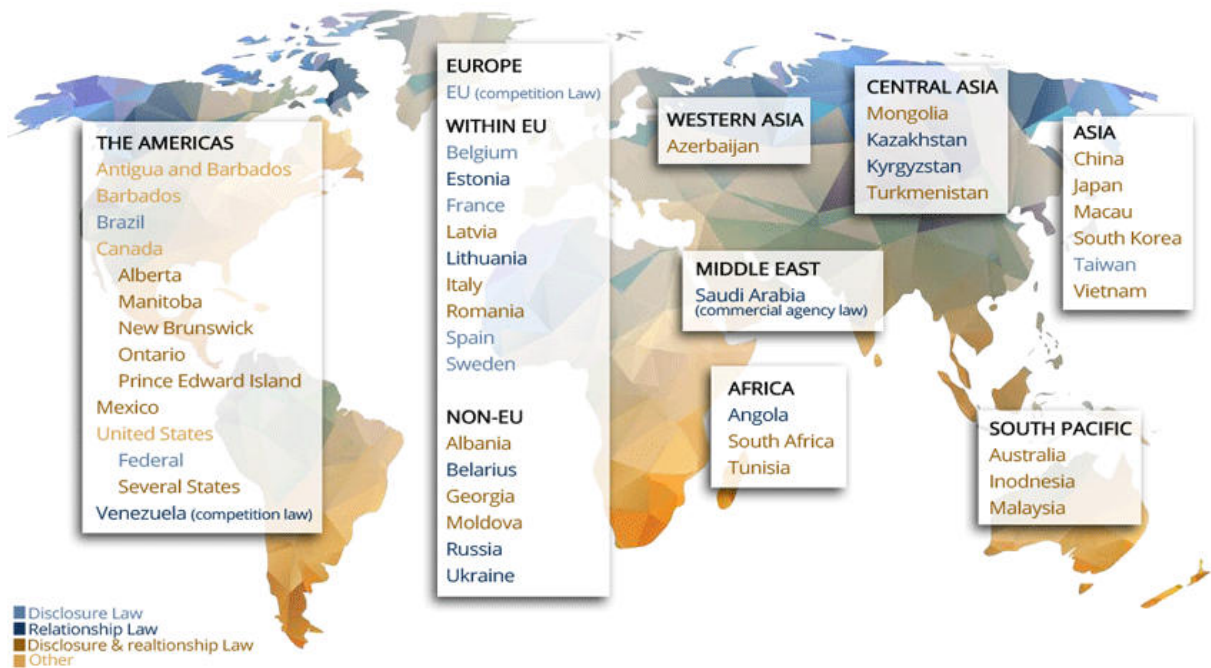




# INTERNATIONAL RESOURCES ABSTRACT

Laws and agencies that regulate the offer and sale of franchises



## COLOMBIA



# COLOMBIA

---

## Laws and agencies that regulate the offer and sale of franchises

### Which laws and government agencies regulate the offer and sale of franchises?

---

In Colombia, there is no legislation governing commercial franchise agreements. Under this understanding, the franchise is known as an atypical contract, because it reflects a legal business that is not regulated by any code and its clauses are negotiated freely by the parties.

Accordingly, as the franchise is mainly regulated under the framework of a commercial contract, the applicable law is the general system of contracts and obligations of the Civil and Commercial Codes, which deal with the principles governing acts and contracts, and the obligations of civil law (effect, interpretation, cancellation or termination).

In accordance with article 4 of the Commerce Code, the terms of the contracts validly executed shall prevail over those commercial laws and customs which can also be applicable. That is, the law and customs may be applied only in those cases where the contract is silent on the matter discussed by the parties.

However, in practice this principle is very difficult to apply, and very case-specific, as there are many regulations – such as those setting forth legal procedures that cannot be ignored or modified by the parties by means of a private agreement – that a court might categorise as of public interest and override what was agreed by the parties.

On the other hand, and as stated in article 3 of the Commerce Code, the commercial custom is also applicable to franchising agreements and it has the same authority as commercial law in those issues that are not regulated by the agreement. International custom may also be applicable, as well as the analogy with civil law and other regulations.

### What are the exemptions and exclusions from any franchise laws and regulations?

---

Not applicable.

### Does any law or regulation create a requirement that must be met before a franchisor may offer franchises?

---

Not applicable.

### Are there any laws, regulations or government policies that restrict the manner in which a franchisor recruits franchisees or selects its or its franchisees' suppliers?

---

Not applicable.

### In the case of a sub-franchising structure, who must make pre-sale disclosures to sub-franchisees? If the sub-franchisor must provide disclosure, what must be disclosed concerning the franchisor and the contractual or other relationship between the franchisor and the subfranchisor?

---

There are no specific legal requirements applicable to disclosure in the case of sub-franchising.



# COLOMBIA

---

## Laws and agencies that regulate the offer and sale of franchises

### **Is there any obligation for continuing disclosure?**

---

As stated before, there is no specific legal requirement for disclosure or to inform about new developments of the system. However, according to the general rule applicable to commercial relationships, the parties must disclose any information that may have a significant impact on the execution of the contract in order to avoid a possible breach of contract.

### **How do the relevant government agencies enforce the disclosure requirements?**

---

Not applicable.

### **In addition to any laws or government agencies that specifically regulate offering and selling franchises, what are the general principles of law that affect the offer and sale of franchises? What other regulations or government agencies or industry codes of conduct may affect the offer and sale of franchises?**

---

See first question.

### **Do other laws affect the franchise relationship?**

---

No.