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FDD Item 20: What PE Can Infer About Franchise Systems

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Executive Summary

FDD Item 20 is a structured input for mapping a franchise system: its outlet counts, changes in outlet ownership, geographical distribution, and franchisee contact lists can support acquisition research. The Federal Trade Commission (FTC) describes it as showing system growth and owner turnover. (search.ftc.gov) The required historical tables cover the franchisor's **last three fiscal years**, rather than a continuously updated operating census. (www.ecfr.gov) For private equity (PE) analysts, the defensible output is a dated system map with separate outlet and entity records, explicit evidence gaps, and follow-up questions. An outlet count should remain distinct from an acquisition-target count: the Census Bureau distinguishes a physical establishment from an enterprise under common ownership or control. (www.census.gov)

The central calculation is an **outlet-movement bridge**, reconstructed separately for franchised and company-owned outlets. Third-party transfers belong in a separate ownership-movement analysis because the rule defines them as changes in controlling interest during the franchise term. (www.ecfr.gov) Franchised openings can include existing company-owned outlets purchased by franchisees. (www.ecfr.gov) Reacquisitions appear in both the franchised and company-owned status tables. (www.govinfo.gov) Consequently, adding transfers to openings, or interpreting every franchised opening as a new physical site, can misstate the map. A residual reconciliation difference should trigger document review, rather than an invented balancing adjustment.

Availability also requires a jurisdiction-specific workflow. Wisconsin explicitly provides registration status and disclosure documents; Minnesota describes public franchise documents covering the **last ten years**. (apps.dfi.wi.gov) (mn.gov) Indiana warns that its registration search is not exhaustive. (securities.sos.in.gov) This report's state-access matrix records routes checked on **October 7, 2026**, distinguishing document access from registration lookup and agency contact. It does not claim that an individual FDD was downloaded from every listed jurisdiction.

Finally, public contact and registry fields have strict limits. The federal rule permits a state-focused contact-list alternative expanded until at least **100 franchised outlets** are listed, so a particular attachment need not enumerate the entire system. (www.ecfr.gov) The Texas Secretary of State retains initial-member information

for member-managed LLCs and management information from annual Public Information Reports, including officers, directors, managers, or members as applicable. These dated clues can support identity research, but may be stale and do not establish comprehensive current LLC ownership information or beneficial ownership. (www.sos.state.tx.us) Colorado expressly distinguishes a registered agent from an owner. (www.sos.state.co.us) Item 20 can identify research candidates and unresolved ownership questions. It cannot establish outlet profitability, beneficial ownership, investment quality, or willingness to sell. Those conclusions require separate evidence and, where legal interpretation is necessary, qualified counsel.

Introduction and Background

A **Franchise Disclosure Document (FDD)** organizes information about a franchise offering into **23 required items**. (search.ftc.gov) Its disclosure framework serves prospective franchisees: unless an exemption applies, the federal rule requires delivery at least **14 calendar days** before a prospective franchisee signs a binding agreement or pays the franchisor or an affiliate in connection with the sale. (www.law.cornell.edu) An acquisition analyst uses the document for a different purpose, extracting public evidence about the system's structure and historical outlet population.

Federal disclosure duties and public research access are separate questions. A disclosure deadline does not establish that an analyst can obtain a particular edition from a public website. California's franchise program supplies regulatory and filing resources; Wisconsin provides a search route explicitly describing access to disclosure documents. (dfpi.ca.gov) (apps.dfi.wi.gov) Accordingly, research should begin with a document-acquisition log: source, issuing entity, edition, amendments, applicable state, and the specific attachment obtained. Registration status should be recorded separately from the contents of the FDD.

The scope here is **franchise system due diligence for origination**, rather than an assessment of whether someone should purchase a franchise. It focuses on extracting the franchisor and related entities, separating company-owned from franchisee-operated outlets, and connecting disclosed names to official records. FTC staff guidance makes the distinction especially important: contact lists can include franchisees who have signed binding agreements but have not opened an outlet. (search.ftc.gov)

Docket describes its research service as retaining a source page, supporting excerpt, and collection date for each answer. That evidence structure informs the extraction template below; it does not establish any particular franchise system's ownership or performance. The report's narrower contribution is a document-specific schema and reconciliation method. Recommendations are analytical procedures, not additional disclosure requirements. Rule descriptions rely on the sources cited; interpretation of a particular agreement or transaction belongs with counsel.

Key Changes

The changes in this section concern **how PE teams read Item 20**. They are changes to the research workflow, not a claim that the Franchise Rule was newly amended in 2026. The FTC's compliance guide is guidance for the amended rule, while the operative disclosure categories appear in the regulation. (search.ftc.gov) (www.law.cornell.edu)

Replace a headline growth count with separate populations

Table 1 separates franchised, company-owned, and total outlets, reporting beginning and ending populations and net change. (www.law.cornell.edu) The first analytical change is to preserve those populations before computing growth. A rising franchised count can reflect an ownership-category change rather than additional physical capacity: the franchised-openings category includes existing company-owned outlets purchased by franchisees. (www.nasaa.org)

Use different fields for **reported franchise-system growth**, **change in franchised inventory**, and **verified new locations**. The first fields can be calculated from disclosed tables. The last requires outlet-level evidence that distinguishes a new site from a conversion of ownership category. Do not label the disclosed openings column “new stores” without that reconciliation.

Separate transfers from exits

The rule defines a transfer as acquisition of a controlling interest in a franchised outlet, during its term, by someone other than the franchisor or an affiliate. (www.ecfr.gov) This supports ownership follow-up, but it does not by itself document an outlet leaving the system. A termination and a non-renewal have different definitions: termination occurs before the agreement's term ends without consideration, while non-renewal occurs at term end. (www.ecfr.gov)

Preserve the original category labels. **Franchise closures and transfers** should not be combined into a single “failure” metric. Nor should a transfer become a lead stating that an operator intends another sale. The disclosure describes a classified historical event, leaving its broader commercial meaning to separately supported research.

Treat footnotes as data

The rule calls for the last event in a transfer process to be reported and requires footnotes describing multiple ownership changes affecting an outlet during a fiscal year. (www.ecfr.gov) (www.law.cornell.edu) This makes footnotes part of extraction, not optional commentary. Store their text alongside the row they qualify and distinguish a reported table event from a separately reconstructed sequence.

A practical event record should preserve:

- **Reported category:** the FDD's label, without renaming it into a judgment.
- **Reported period:** the fiscal year attached to the table row.
- **Population affected:** franchised, company-owned, or an explicitly qualified subset.
- **Footnote relationship:** the table and row to which the note applies.
- **Interpretation status:** directly disclosed, analytically derived, or unresolved.

Distinguish signed commitments from operating outlets

Table 5 separates signed agreements for unopened outlets from projected franchised and company-owned openings in the next fiscal year. (www.ecfr.gov) NASAA's multi-unit commentary further distinguishes unit agreements actually signed from area-development commitments that the table structure does not capture in

the same way. (www.nasaa.org) **Projected openings**, **signed unopened agreements**, and **operating outlets** therefore require separate fields. Adding them together produces a population with no consistent operating status.

Implementation Considerations and Process Changes

Capture the document before extracting its contents

Start with the exact document edition. Federal updating instructions require a revised disclosure document within **120 days** after the fiscal year closes and quarterly revisions within a reasonable time to reflect material changes. (www.law.cornell.edu) These requirements do not make an accessed document automatically current. The analyst must read its cover, reporting periods, amendments, and attachments.

Wisconsin illustrates why the dates need separate fields: its guidance distinguishes the FDD issuance date from the state's effective date. (dfi.wi.gov) A portal upload date should likewise remain a retrieval or filing attribute, unless the document explicitly identifies it as an issuance date.

The recommended document record contains:

- **Source locator:** the exact portal or document URL and the access date.
- **Edition identity:** issuing legal entity, issue date, amendment designation, and state variant.
- **Reporting dates:** fiscal year ends and any different contact-list dates.
- **Perimeter:** outlet definition, geographical scope, and included affiliate operations.
- **Page references:** printed page, file page, table title, and attachment identifier.
- **Completeness status:** missing exhibits, unreadable rows, or unavailable attachments.
- **Extraction method:** manual transcription or automated extraction followed by review.
- **Review outcome:** accepted fields, disputed values, and outstanding questions.

These are proposed research controls. Their purpose is to preserve what a reviewer needs to reproduce the extraction, including the difference between the source's assertion and the analyst's inference.

Use an item-by-item extraction template

Item 1 establishes the franchisor's identity, organizational form, and relevant related entities; FTC guidance explains that parent disclosure encompasses the ownership chain. (www.law.cornell.edu) (search.ftc.gov) Item 20 supplies the outlet layer. Item 21 generally supplies two fiscal year-end balance sheets and three years of operations, equity, and cash-flow statements, subject to the startup phase-in. (www.ecfr.gov) These items should be joined through document identity, rather than treated as interchangeable evidence.

Table 1 below supplies an **item-by-item extraction template** and the research-output layer in which those fields can be retained.

Source layer	Fields to capture	Supported research use and limit
Item 1	Franchisor legal name, organization type, formation jurisdiction, disclosed parents, predecessors, and relevant affiliates	Establish the disclosed entity perimeter. A franchise brand name alone should not serve as the legal-entity key. (www.law.cornell.edu)

Source layer	Fields to capture	Supported research use and limit
Item 20, Table 1	Fiscal years, outlet types, beginning counts, ending counts, net change	Reproduce the historical population summary, preserving franchised and company-owned counts separately. (www.law.cornell.edu)
Item 20, Tables 2 to 4	State, fiscal year, transfers, openings, terminations, non-renewals, reacquisitions, other cessations, company-owned movements, footnotes	Reconstruct inventory and ownership movements separately. The regulatory categories determine which bridge each movement enters. (www.ecfr.gov)
Item 20, Table 5 and attachments	Signed unopened agreements, projected openings, current and former franchisee entries, scope and dates	Identify disclosed contacts and pipeline categories without treating every contact as an operating location. (search.ftc.gov)
Item 21	Reporting entity, statement periods, consolidation scope, audit report, stated exceptions	Review the disclosed financial reporting perimeter. Financial statements for the franchisor are a separate evidence layer from a franchisee outlet map. (www.ecfr.gov)
Official registry crosswalk	Jurisdiction, entity identifier, exact name, status, address type, filing date	Confirm identity fields where available. Florida search results include document numbers and record status. (dos.fl.gov)
Docket research output	Source page, supporting excerpt, collection date, answer status	Docket's documented sourced-research model can hold the extracted evidence. This row describes research delivery, not a competing franchise disclosure document.

The template makes the **unit of evidence** visible. A statement about a franchisor, a table of outlets, a list of franchisees, and a registry record refer to different objects. Joining them should produce explicit relationships with dated support. An unresolved relationship is an acceptable result; collapsing all objects into a single company row obscures what the document actually establishes.

State Access and FDD Availability

Table 2 records official access routes **checked October 7, 2026**. The checks covered agency pages and search interfaces, not successful retrieval of an individual filing in every jurisdiction.

Jurisdiction	Official access route checked	Verified scope and practical limit	Last checked
California	DFPI franchise program and its public filing-search instructions	FRANSES replaced DocQnet for filing. DFPI directs the public to its website for searches; individual-document download coverage was not verified. (dfpi.ca.gov)	2026-10-07
Wisconsin	DFI Franchise E-Filing registration search	The portal explicitly describes registration status and disclosure-document access. Separate guidance describes status and history searches. (apps.dfi.wi.gov) (dfi.wi.gov)	2026-10-07
Minnesota	CARDS Franchise Registrations; ComOnline for registration information	Official guidance describes public documents from the last ten years. CARDS requires a search criterion; document access and registration status are distinct routes. (mn.gov) (cards.web.commerce.state.mn.us)	2026-10-07

Jurisdiction	Official access route checked	Verified scope and practical limit	Last checked
Indiana	Secretary of State Securities Division Registration Search	Searches can be narrowed by name, status, or date. The agency warns that the results are not exhaustive; attachment availability was not verified. (securities.sos.in.gov)	2026-10-07
Virginia	SCC securities and retail-franchising program's Data Search link	The program page supports a registration-information route. The search destination was blocked after the permitted fallback; downloadable FDD access remains unverified. (www.scc.virginia.gov)	2026-10-07
Washington	DFI franchise program and Securities Division contact route	The fetched program page supports contacting the agency to check filing status. It did not establish a public downloadable FDD repository. (dfi.wa.gov)	2026-10-07
Maryland	OAG service directory, Securities Division	The directory identifies franchise registration services. Public FDD search and document-download availability were not established by the fetched page. (oag.maryland.gov)	2026-10-07

This matrix is an **access map**, not a ranking of state disclosure quality or a complete national filing census. Wisconsin explicitly describes an active-registration list; Indiana explicitly limits its search coverage. (apps.dfi.wi.gov) (securities.sos.in.gov) A missing search result should therefore be recorded as a result of the specific search, with coverage limitations attached. It should not become a statement that a franchise system or historical document does not exist.

Building an Evidence-Controlled Franchise System Map

Keep entities, outlets, and contacts separate

A usable map begins with a **franchisor entity**, then adds disclosed parent and affiliate relationships, outlet populations, and franchisee records. FTC staff notes that the company-owned category can encompass substantially similar affiliate outlets even when they do not operate under the same trademark and system. (search.ftc.gov) Thus, “company-owned” should retain the source's perimeter; it should not automatically mean “directly held by the named franchisor under this brand.”

For operating units, the Census Bureau's distinction is useful: an establishment is a physical location, while an enterprise groups domestic establishments under common ownership or control. (www.census.gov) Item 20's own outlet definition governs the extraction, however. Record any difference between a statistical establishment, an FDD outlet, and the analyst's proposed acquisition entity.

The map should distinguish:

- **Franchisor node:** the entity issuing the document.
- **Related-entity node:** a parent, predecessor, or relevant affiliate as disclosed.
- **Outlet node:** a disclosed or separately verified operating location.
- **Franchisee node:** a named disclosed franchisee, with identity still subject to reconciliation.
- **Contact record:** the source's contact entry, date, and scope.
- **Relationship record:** the specific evidence joining an operator, outlet, and entity.

These are recommended data objects. Avoid forcing a franchisee name to be either a verified corporate owner or a site address merely because the spreadsheet offers no third option.

Reconcile names using official fields

Florida's record-search guidance identifies document numbers and record status, and separately describes registered-agent information. (dos.fl.gov) Use such identifiers as part of a **jurisdiction-qualified entity key**. Preserve the FDD name as written and place standardized spelling in another field. A potential match should retain its supporting and conflicting evidence.

Different registries expose different fields. New Jersey describes status reports containing registered agents, business addresses, filing dates, and annual-report dates. (www.nj.gov) Delaware's free search provides entity identifiers and formation information but explicitly warns that a returned listing does not indicate current status. (icis.corp.delaware.gov) A search result must be interpreted using the registry's own definition.

Do not substitute an available field for an unavailable ownership answer. New York generally does not maintain the officer, director, LLC-member, or manager information described in its FAQ, and Ohio states that it does not maintain ownership or officer lists. (dos.ny.gov) (www.ohiosos.gov) For domestic Texas LLCs, the Comptroller’s Public Information Report instructions call for all managers and, for member-managed companies, all members to be listed. (comptroller.texas.gov) Colorado's registered-agent guidance makes clear that the agent need not be an owner, officer, or director. (www.sos.state.co.us)

Identity review should conclude with **confirmed**, **candidate**, **conflicting**, or **unresolved** relationships. These are proposed research statuses, not official registry classifications. Confirmation should state what was confirmed: matching identity is narrower than proving common control.

Make addresses and name variants explicit

Store outlet, principal-office, mailing, and registered-agent addresses as different fields. Florida identifies its registered-agent address separately, while New Jersey's service description separately names business addresses and registered agents. (dos.fl.gov) (www.nj.gov) Shared agent addresses should prompt careful comparison rather than an automatic group merge.

Name variants also require restraint. Ohio explains that a fictitious name need not be distinguishable and does not confer exclusive name rights. (www.ohiosos.gov) Florida warns that multiple entities can share a Federal Employer Identification number in search results. (dos.fl.gov) Neither a matching trading name nor an apparently shared identifier should erase conflicting jurisdiction or entity evidence. The accepted crosswalk should show the specific records supporting the match and the question that remains open.

Time-Series Rules and FDD Item 20 Limitations

Compare like definitions and dates

The historical outlet tables cover the franchisor's last three fiscal years. (www.ecfr.gov) Adjacent editions can overlap, so retaining each edition as if every row were a new annual observation would duplicate periods. Maintain a separate source-edition key and observation-period key. When an overlapping year's count

changes, preserve both reported values, identify the later edition, and record whether an explanatory note was found.

A contact list can have a different date from the outlet tables. NASAA's commentary permits more current contact lists but says they should be segregated from the others. (www.nasaa.org) Treat a more recent list as a separate observation. It should not silently replace the fiscal-year population used to calculate historical ratios.

Use the following comparison controls:

- **Calendar control:** record the actual fiscal year end rather than relying on the cover year.
- **Population control:** retain outlet type, geography, and stated affiliate perimeter.
- **Edition control:** distinguish amended, renewed, and differently scoped documents.
- **Overlap control:** identify repeated fiscal years across consecutive editions.
- **Restatement control:** preserve changed historical values and their explanations.
- **Footnote control:** carry category exceptions into every derived calculation.

Wisconsin assigns a new franchise registration number each year. (dfi.wi.gov) A registration number is consequently a document or filing attribute there, rather than a universal persistent key for the franchisor. The research system should not manufacture separate franchisors simply because annual filing identifiers differ.

Recognize contact-list and geography limits

The federal contact provision allows an all-franchisee list or a state-focused alternative expanded through neighboring states until at least 100 franchised outlets are listed. (www.ecfr.gov) The presence of a lengthy attachment therefore does not prove national completeness. Its permitted scope and actual heading need review before it is used to estimate the number of franchisee operators.

Former-franchisee disclosures also have a defined temporal scope: the rule includes specified departures during the most recently completed fiscal year and franchisees who have not communicated with the franchisor within ten weeks of issuance. (www.ecfr.gov) That list is not interchangeable with the three-year outlet tables. FTC staff also includes franchisees who never opened an outlet in the applicable contact disclosures. (search.ftc.gov)

Geography should remain source-specific. NASAA's commentary permits international outlet lists without making such lists universally required. (www.nasaa.org) An analyst should consequently avoid converting a domestic table or a state-focused attachment into a global system map.

Preserve freshness limitations across sources

Registry freshness introduces a separate problem from FDD freshness. New York says its database information is updated daily; Texas cautions that its management records need not be current and that annual Public Information Reports are not updated throughout the year. (dos.ny.gov) (www.sos.state.tx.us) A recently accessed record can therefore contain older underlying information.

For every joined field, preserve both **source reporting date** and **collection date**. Where the reporting date is unavailable, mark it unknown. A current access date confirms when the researcher saw the record, not when ownership or management last changed. Contradictions should remain visible until evidence resolves them.

Data Analysis and Evidence

Construct separate outlet-movement bridges

An **outlet-movement bridge** tests whether disclosed movements reconcile beginning and ending inventory. It is an analytical reconstruction of the regulatory categories, rather than a new disclosure obligation. Transfers of controlling interests are a separate category, and franchised openings include some company-owned outlets sold to franchisees. (www.ecfr.gov) A generic formula adding every transfer to inventory would therefore be inappropriate.

Table 3 shows a **Hypothetical Example** using fictional values. The franchised-opening figure includes sales from the company-owned population, consistent with the disclosed category definition. (www.nasaa.org)

Bridge component	Franchised outlets, fictional	Company-owned outlets, fictional
Beginning inventory	100	20
Openings in the applicable status table	+12, including 3 formerly company-owned outlets	+2
Reacquired by franchisor	-2	+2
Terminations	-3	Not a separate column in this bridge
Non-renewals	-1	Not a separate column in this bridge
Other cessations / company-owned closures	-4	-1
Company-owned outlets sold to franchisees	Already included in +12 openings	-3
Calculated ending inventory	102	20
Reported ending inventory in the fictional FDD	102	20
Reconciliation difference, reported less calculated	0	0
Third-party transfers, analyzed separately	8, no inventory addition or subtraction	Not applicable to the franchised transfer definition

The fictional system ends with **122 outlets**, compared with **120** at the beginning. Franchised inventory rises by two, while company-owned inventory is unchanged. This is arithmetic on stated assumptions, not evidence about a real franchise. The eight transfers remain an ownership-movement observation; they do not become eight extra outlets. Reacquisitions and company-owned sales cross population boundaries and should be checked against the corresponding table. (www.govinfo.gov)

The applicable formulas are:

- **Franchised inventory:** beginning + disclosed openings - terminations - non-renewals - reacquisitions - other cessations = calculated ending.
- **Company-owned inventory:** beginning + disclosed openings + reacquisitions - closures - sales to franchisees = calculated ending.
- **Reconciliation difference:** reported ending - calculated ending, retained with the underlying rows.
- **System total:** reconciled franchised ending + reconciled company-owned ending, subject to matching perimeter.
- **Transfers:** a separate ownership-movement measure, excluded from these inventory additions and subtractions.

Footnotes can qualify the reconciliation because multiple changes to the same outlet may require additional explanation. (www.law.cornell.edu) If the bridge does not close, review definitions, transcriptions, footnotes, and omitted rows. Preserve the difference if those checks do not resolve it. Do not allocate the residual to “other closures” merely to produce a clean output.

Define metrics before calculating them

For **franchise outlet growth analysis**, net inventory growth can be calculated as ending inventory minus beginning inventory, divided by beginning inventory. Label the outlet population and reporting period. If beginning inventory is zero, leave the percentage undefined and report the absolute movement.

For **franchisee turnover analysis**, a transfer count divided by beginning franchised outlets can be a descriptive ratio, but it should be labeled exactly that. The rule's transfer definition is about controlling-interest changes, and its multiple-event instructions mean an aggregate count should not automatically be interpreted as a count of unique owners. (www.ecfr.gov) Likewise, a combined exit-category ratio describes disclosed categories, not bankruptcy probability or economic failure.

The useful quantitative evidence here consists of disclosure periods, category counts, reconciliation differences, and explicitly defined ratios.

Case Studies and Real-World Examples

Multi-unit franchisee (Hypothetical Example)

A fictional FDD contact attachment contains three differently abbreviated entries associated with a regional trading name. A researcher finds a candidate registry record and an operating-company website that lists several locations. The proposed map preserves each disclosed entry, each location, and the candidate entity separately while the crosswalk is reviewed.

The reason to preserve the distinction is structural: a Census enterprise can comprise multiple establishments under common ownership or control. (www.census.gov) The analyst should seek evidence connecting the specific outlets to the specific entity, rather than infer common control from similar names. Florida's search guidance supports entity-name and document-number checks but warns that an FEI-number search can produce multiple entities. (dos.fl.gov)

An acceptable interim result is “candidate multi-unit operator; outlet-to-entity relationships unresolved.” The example does not imply revenue, purchasing capacity, beneficial ownership, or a willingness to transact. It illustrates how a public document can generate a bounded research question without generating a qualified acquisition target.

Reacquired outlet (Hypothetical Example)

A fictional location remains open after moving from franchisee operation to company operation. The disclosure reports the movement as a reacquisition. The map records a historical franchisee-to-outlet relationship ending and a company-operated relationship beginning, subject to the actual dates available.

The rule reports reacquired franchised outlets in the company-owned status table as well as the franchised table. (www.ecfr.gov) The corresponding analytical treatment reduces franchised inventory and adds company-owned inventory without necessarily reducing total system outlets. A researcher who treats the reacquisition as a system closure would confuse operation type with continued participation in the system.

The record should retain the source's category and uncertainty about any wider transaction. It should not characterize why the franchisor reacquired the outlet unless a separate source explicitly supports that explanation. A public outlet movement is enough to update the operating-category map, but insufficient to judge the former operator.

Ambiguous entity (Hypothetical Example)

A fictional contact entry names an individual and a trading name, while registry searches return several similarly named LLCs. Two records share a registered-agent address, and one Delaware result appears in the free name search. The researcher retains the candidates instead of selecting the one with the most similar spelling.

Colorado cautions that a registered agent need not be an owner; Delaware warns that a free search listing does not indicate current entity status. (www.sos.state.co.us) (icis.corp.delaware.gov) Ohio's fictitious-name guidance supplies another reason to avoid treating a trading name as uniquely identifying an entity. (www.ohiosos.gov)

The appropriate output is an unresolved identity relationship with the checked records attached. Counsel or authorized transaction diligence may later obtain stronger documents. Until then, the map should show what is known, which candidates remain plausible, and which missing evidence would resolve the ambiguity.

Implications and Future Directions

Item 20 is most useful when it narrows subsequent research. It can establish a disclosed historical outlet perimeter and suggest where identity or ownership review is needed. Its three-year reporting horizon and categorized movements provide a repeatable starting point. (www.nasaa.org) Its contact provisions and staff guidance also show why neither attachment rows nor disclosed franchisee names should automatically become a complete operating-company universe. (search.ftc.gov)

Supplementary sources need equally bounded interpretation. SBA's published franchise-directory guidance describes models reviewed for SBA financial-assistance eligibility and explicitly states that inclusion is not an endorsement or approval of the brand. (www.sba.gov) Its stated weekly update schedule is a freshness attribute, not a validation of an operator's ownership or acquisition quality. (www.sba.gov) Keep financing eligibility, state registration, outlet operation, and verified entity identity in separate fields.

A PE research team should escalate questions when the answer would change the map's meaning:

- **Perimeter ambiguity:** substantially similar affiliate outlets affect the company-owned category.
- **Category ambiguity:** a footnote changes the interpretation of an opening or exit.
- **Identity ambiguity:** multiple registry candidates remain plausible.
- **Financial scope ambiguity:** the reporting entity differs from the operating entity being researched.
- **Legal interpretation:** an agreement or transaction requires conclusions beyond document extraction.

Those are review triggers, not negative judgments about a system. FTC staff's affiliate guidance supports retaining uncertainty about the outlet perimeter rather than silently narrowing it. (search.ftc.gov)

Finally, disclosure access does not justify republishing personal contact details or initiating outreach. The recommended public-facing asset contains fields, methods, and fictional examples, rather than individual franchisee contact data. Counsel should review any legal conclusions or proposed reuse requiring jurisdiction-specific interpretation. Docket describes its Audit stage as leaving unresolved questions visible. For Item 20 research, that principle means an open ownership question remains open until stronger evidence arrives.

Frequently Asked Questions (FAQs)

What is FDD Item 20?

It is the outlet and franchisee-information disclosure, including historical outlet tables and current or former franchisee contact information. FTC describes its charts as showing system growth and owner turnover. (search.ftc.gov) For PE origination, it is a dated source layer for mapping relationships and movements.

Can Item 20 identify company-owned outlets?

It provides company-owned outlet counts and movements, but the perimeter needs review. FTC staff says substantially similar affiliate outlets can belong in that category even under different trademarks and systems. (search.ftc.gov) Aggregate counts do not automatically identify every operating legal entity.

Can transfers be added to an outlet-growth bridge?

Third-party transfers should remain separate from inventory movements. Their regulatory definition concerns changes in controlling interest during a franchise term. (www.ecfr.gov) Reacquisitions and sales between franchisee and company-owned populations enter the relevant status bridges through their disclosed categories.

Does a public registry identify the franchisee's owner?

That depends on the jurisdiction and field. The Ohio Secretary of State says it does not maintain ownership or officer lists. (www.ohiosos.gov) A registry may confirm identity while leaving beneficial ownership unresolved.

Conclusion

FDD Item 20 explained for PE research begins with a narrow promise: the document can support a historical franchise-system map when its dates, population definitions, outlet categories, and contact-list scope are preserved. It supports better questions about operating entities and geography. It does not turn outlet movement into a conclusion about profitability, target quality, or sale intent.

The practical method is to retain the document edition, extract the tables without collapsing categories, build separate franchised and company-owned bridges, and record reconciliation differences. Transfers remain a distinct ownership-movement layer. Signed commitments, projections, contact records, operating outlets, and acquisition entities remain separate objects until evidence connects them.

Entity reconciliation then adds jurisdiction-qualified identifiers, exact names, address types, and dated relationships. Where official records do not supply ownership information, the accepted result is an explicit gap. Where editions disagree, both observations remain available with their respective sources. This gives the deal team an inspectable map rather than a list whose apparent precision exceeds its evidence.

The report's extraction template, state-access matrix, and fictional bridge are intended to make that process reusable. A completed research record should let another analyst reproduce the counts, trace the relationships, and understand which questions require additional documents or legal review. That is the defensible contribution of Item 20 to acquisition origination: a bounded, dated evidence input with clear limits on what the analyst can infer.

Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

1. https://search.ftc.gov/business-guidance/blog/2023/05/franchise-fundamentals-taking-deep-dive-franchise-disclosure-document
2. https://www.ecfr.gov/current/title-16/chapter-I/subchapter-D/part-436/section-436.5
3. https://www.census.gov/programs-surveys/susb/about/glossary.html
4. https://www.govinfo.gov/content/pkg/CFR-2026-title16-vol1/pdf/CFR-2026-title16-vol1-part436.pdf
5. https://apps.dfi.wi.gov/apps/FranchiseEFiling/default.aspx
6. https://mn.gov/elicense/a-z?id=1083-231531
7. https://securities.sos.in.gov/public-portfolio-search
8. https://www.sos.state.tx.us/corp/managementinfofaqs.shtml
9. https://www.sos.state.co.us/pubs/business/FAQs/regAgent.html
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About Docket

Docket provides deal-origination research software and managed research for private equity firms. We help investment teams investigate acquisition targets using structured screening criteria, retained sources and reviewable company evidence. Teams can work through a self-serve platform or use managed research, depending on how they want research delivered.

Research against a defined mandate

A useful target list needs more than company names. Docket focuses on the questions that determine whether a company fits an investment mandate, including the evidence needed to support or qualify each answer. Our research approach makes the connection between screening criteria, source material and conclusions visible to the team reviewing the work.

Triage, Scout and Audit

Docket's three named research agents perform complementary tasks. Triage resolves company identity and screens fit. Scout collects sourced answers against the mandate. Audit checks retained evidence, addresses contradictions and leaves unsupported answers visibly unresolved. This structure helps reviewers distinguish established findings from missing information and questions requiring further investigation.

Evidence that supports investment-team judgment

Our research library covers market mapping, screening criteria, private-company data, succession and ownership, source evaluation and evidence standards. These resources explain the methods and limitations behind origination research. Findings support a team's judgment; they do not establish that a company is for sale or guarantee a transaction or investment outcome.

Work with Docket

Visit Docket to explore the platform, managed research and the current contact path. Read about screening criteria, evidence standards, AI research agents and market mapping.

Public examples are illustrative unless explicitly identified otherwise. Research preparation and authorized outreach are separate activities; confidential target lists and customer outcomes should never be inferred from an educational example.

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