[Law Firm Letterhead]

[Date]

[Client Name]
[Client Address]
[City, State, Zip Code]

**Re: Legal Opinion Regarding Exemption from the FTC Franchise Rule (16 C.F.R. Part 436)**

Dear [Client Name],

You have requested our legal opinion as to whether the proposed business arrangement between [Company Name] ("the Company") and [Prospective Party] qualifies for an exemption from the requirements of the Federal Trade Commission's Franchise Rule (the "Rule").

## I. Description of the Transaction

[Insert detailed description of the business model, including the level of investment, the nature of the relationship, and the specific parties involved.]

## II. Legal Analysis

Under 16 C.F.R. $ 436.8, certain relationships are exempt from the Rule's disclosure requirements. Based on our review of the facts provided, it is our opinion that this transaction qualifies for the following exemption(s):

- **[Option A: Large Investment Exemption]:** The prospective franchisee's initial investment, excluding the cost of unimproved land and financing from the franchisor, totals at least $1,327,400 (as adjusted for inflation).
- **[Option B: Large Franchisee Exemption]:** The prospective franchisee is an entity that has been in business for at least five years and has a net worth of at least $6,637,000.
- **[Option C: Fractional Franchise Exemption]:** The prospective franchisee has at least two years of experience in the same line of business, and the parties reasonably anticipate that sales from the new relationship will represent no more than 20% of the franchisee's total sales volume.
- **[Option D: Insider Exemption]:** The individual is an owner, officer, director, or general partner of the franchisor who has been associated with the franchisor for at least 24 months.

## III. Conclusion

Based upon the foregoing, we conclude that [Company Name] is not required to provide a Franchise Disclosure Document (FDD) to the party identified herein for this specific transaction.

This opinion is limited to the FTC Franchise Rule and does not address state-specific franchise or business opportunity laws, which may still apply.

Sincerely,

[Attorney Signature]
[Attorney Name]
[Law Firm Name]