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Legal advisor role on franchising project

People in the business world strive to be successful, profitable and most importantly not to go bankrupt. Nowadays, it is better idea to open a franchise rather than starting a new business. Franchising is a way of organizing a business, in which a business model has been already tested and proven to be effective in practice. Buying a franchise, not only receives a ready-made business plan, support in terms of advice, organization of supplies, but also the opportunity to work under a well-known brand that has already established itself and enjoys consumer loyalty. Also starting a new business from scratch, it is difficult to calculate the financial prospects for its development. Working on a franchise is much easier to plan future expenses and income based on the experience of other franchisees.

In order to implement a successful franchise business, the role of a legal advisor is crucial to several steps of the franchising project. It is important that legal advisor knows how to draw up a commercial agreement, license agreement in strict accordance with all existing requirements of the legislation as well as incorporation of legal entity to implement the franchising project and conduct due diligence of franchisee.

The franchising agreement is new in Mongolian practice and recognized by one of the most difficult agreement, so only an experienced and qualified specialist can lead to successful franchising project with professional support of the lawyer. This article is intended to address some of the key points of the franchising agreement, and the legal advisor role in franchising project.

There are several roles of legal advisor on Franchising:

1) Company set up

It is quite common for a franchise to be operated under a legal entity than a sole proprietorship in order to assess whether franchising project is profitable or efficient.

Mongolian legislation provides for a wide range of legal forms of commercial entities (Limited Liability Company or LLC, joint-stock company or JSC and joint venture), in practice, private businessmen and foreign investors mostly prefer with foreign invested LLC. According to the Company Law of Mongolia, a company may be established directly or by the reorganization of another legal person (merger, consolidation, division, separation, or transformation)

[Read more](#)

Resources:

- ▶ [Civil code of Mongolia](#)
- ▶ [Law on Company of Mongolia](#)
- ▶ [Law on Investment of Mongolia"](#)
- ▶ [On State registration of Legal entities](#)
- ▶ [Law of Mongolia on Trademarks and Geographical Indications](#)
- ▶ [The Intellectual Property law of Mongolia](#)
- ▶ [Law on State Stamp duties of Mongolia](#)
- ▶ [Procedure on License agreement and intellectual property use for registration of other related contracts](#)

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Locations

MONGOLIA

