

**Agent/Distributor Agreement Checklist**

The following is a recommended checklist of matters for inclusion in an agent or a distributor agreement:

* Parties – state legal entities of parties involved
* Territory – define geographic or customer related territory
* Products involved – description, catalogue
* New Products – policy for new products
* Period of Agreement – depends on the product, usually three years with right of renewal. A termination clause should be included – so many months’ notice by either party and anytime by mutual agreement – always in writing.
* Probationary period – one year with review of performance after six months
* Prices – refer to the price list
* Discounts – promotional discounts and responsibilities. The agreement should include the principles to work on and the detail
* Commission payable – rate and timing.
* Method of payment and the timing
* Minimum order requirements
* Production scheduling and lead-times
* Exporter to sell through distributor in territory exclusivity
* Exporter to refer enquiries to distributor
* Distributor not to re-sell out of territory
* Restraint of trade following termination of agreement
* Spares and Stock – distributor to hold stock/spares but not an agent
* Communication costs – each party to cover their own costs
* Performance measures – sales targets value or volume?
* Training and technical support
* Samples – who pays? How much free of charge?
* Advertising and promotion
* Ownership of brand
* Distributor to protect trademarks, patents, etc.,
* Exchange of information
* Procedures for defective goods and returns
* Distributor to keep books of accounts
* Relationship management – contact list, official addresses
* Confidentiality
* Early termination for breach of agreement
* Transfer of rights – distribution rights cannot be transferred without permission
* Country in which legal action/arbitration to take precedence
* Arbitration - a last resort