

**THIS MEMORANDUM OF UNDERSTANDING** is a proposed distribution of goods and services

the **HEADS OF TERMS** ("HOT") for the proposed distribution of goods and services and signed the \_\_\_\_\_ day of \_\_\_\_\_

**BY:**

(1) <<Name of Company>> <<Company Registration Number>> <<Registered Office Address>> ("Company")

incorporated in England under number \_\_\_\_\_ and its registered office is at] **OR** [of] <<insert address>>

and

(2) <<Name of Distributor>> <<Company Registration Number>> <<Registered Office Address>> ("the Distributor")

incorporated in England under number \_\_\_\_\_ and its registered office is at] **OR** [of] <<insert address>>

**1. Definitions**

In this HOT, the following expressions shall have the following meanings:

the following meanings:

**"Distribution of Goods Agreement"**

the Distribution of Goods Agreement described in Clause 3 and the Detailed Terms of this HOT;

**"Detailed Terms"**

the Detailed Terms, conditions, and other terms set out in the Distribution of Goods Agreement and when they are agreed and set out in the Distribution of Goods Agreement;

**"Commercial Terms"**

the Commercial Terms for the Distribution of Goods set out in sub-Clause 4 of this HOT and the Detailed Terms which the Parties hereby agree to sign the definitive version of those terms, if and when they are included amongst the Detailed Terms of the Distribution of Goods Agreement; and

**"Party"**

the Parties to this HOT;

**2. Purpose and Status of this Memorandum of Understanding**

2.1 Except for Clauses 5 and 6, this Memorandum of Understanding is not intended to be legally binding on the Parties.

(Notwithstanding to the contrary, this Memorandum of Understanding is not intended to be legally binding on the Parties).

2.2 The Parties have discussed the Commercial Terms in principle, but they have not yet agreed the definitive version of the Commercial Terms. The Parties have agreed to fully discuss, negotiate, draft, and sign the definitive version of the Commercial Terms.

The Parties have discussed the Commercial Terms in principle, but they have not yet agreed the definitive version of the Commercial Terms. The Parties have agreed to fully discuss, negotiate, draft, and sign the definitive version of the Commercial Terms.

2.3 The Parties intend to fully discuss, negotiate, draft, and sign the definitive version of the Commercial Terms, and will sign a full written Distribution of Goods Agreement, save for Clauses 5 and 6, and when a Distribution of Goods Agreement comes into effect, there shall be any agreement between them relating to any supply of goods and services between them which is legally binding on them as a contract.

From the date of this HOT, they will fully discuss, negotiate, draft, and sign the definitive version of the Commercial Terms, and will sign a full written Distribution of Goods Agreement, save for Clauses 5 and 6, and when a Distribution of Goods Agreement comes into effect, there shall be any agreement between them relating to any supply of goods and services between them which is legally binding on them as a contract.

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2.4 The Parties agree a oral or written state warranty, promise, the date of this HO of goods arrangem express term of the

agreed in Clause 6 of this HOT, no (negligent or otherwise), and no ment (whether before, on, or after in relation to the proposed supply t is agreed and included as an reement.

3. Distribution of Goods Ag

The Distribution of Goods A agreement between the P goods to the Distributor of Distribution of Goods Agre working arrangements, un relating to such sale and su

written signed distribution of goods ny will agree to sell and supply or resale by the Distributor. The , and the only, terms, conditions, matters governing, forming, and ents between the Parties.

4. Commercial Terms

The following Commercial them will form part of the D

principle. The definitive version of tribution of Goods Agreement:

4.1 The Company is e type of goods which engaged in reselling

g and] marketing and selling the e Distributor, and the Distributor is

4.2 The goods to be s here>>] OR [are de [attached] [already

the Distributor [will be <<describe to this HOT] OR [[in the brochure] r]].

4.3 The Company may during the period of wishes to do so it r weeks or months>>

tions or other aspects of the goods s Agreement [and if the Company at least <<insert period of time in notice].

4.4 The supply under <<insert agreed da time in months or y Distribution of Good

ds Agreement will commence on ter that date for <<insert period of earlier termination provided by the

4.5 [The Company's sta to the Distributor, a Agreement.] [The s [without] [with] the of at least <<insert

will apply to all sales of the goods ched to the Distribution of Goods le can be varied by the Company r] on prior notice by the Company

4.6 The basic prices to the Distribution of G [brochure] of the Co

or for the goods will be [set out in set out in the standard [price list] ere prices will be shown>>].

4.7 The Company ma following basis: << and/or limitations o raw materials, to co them>>. Company price to the Distrib

asic prices of the goods [on the uency permitted, the criteria for e justified by increase in prices of Distributor's instructions or lack of eriod of] notice of variation of any eriod >>].

4.8 [The Distributor will

s from any of the basic prices.]

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the Distributor [as them>>].

examples and how it must provide

4.40 [The Company will provide training to them when and how it is

[the expense of the Distributor] <<describe the training, and state

4.41 [The [Company] [technical] support customers] [and] support and how it [met by the [Company][Distributor] each or describe co

to provide [after-sales] [and] [or] other support>> to [the Distributor's] will do so as follows: <<describe all of the costs of doing so will be [ ] OR [shared between the proportions of costs to be met by >].]

4.42 [The Company] [and] resale of the goods territory for which <<describe how it/t to spend any minimum what portion of the

it [jointly] [separately] promote the territory/ies: <<describe/define here the intended>> . [It] [They] must do so requirement on one/both parties particular period(s) in doing so, and >> .]

OR

[The Company] [and] decide] promote <<describe/define but [it] [they] will be

in any manner [it decides] [they] s in the following Territory/ies: <<describe/define here which the Distributor is appointed>> ,

4.43 [The Company will provide promotional <<describe the type

of the [Company] [Distributor]] Distributor for the goods as follows:

4.44 [Unless it has been promotional material the Company's p reasonable discretio

Company, any item of advertising or ly be used by the Distributor with e Company may refuse in its

OR

[No advertising or the Company's price <<describe the con

provided by the Distributor requires it meets the following conditions:

4.45 [Distributor's [advertising] costs and expenses are to be covered [by Distributor] [partly by the Distributor] following maximum

by [solely] [partly by Company and <<state proportions>>] [up to the <<state period, e.g quarter/year>>].]

4.46 [Company's [advertising] costs and expenses are to be covered [by Distributor] [partly by the Distributor] following maximum

by [solely] [partly by Company and <<state proportions>>] [up to the <<state period, e.g quarter/year>>].]

4.47 The Distributor [may]

use its own business name in

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- [and] [or] [terminate] [the Agreement].]
- 4.59 [The Company] [the Distributor] will have the following rights to terminate the Distribution Agreement:
  - 4.59.1 [Either party] [the other party] to terminate of at least <<state number of weeks or months>> without any reason [the other party] notice may be given so as to terminate the Distribution Agreement before a period of <<state number of weeks or months>> has expired].]
  - 4.59.2 [The Company] [the Distributor] to terminate immediately for non-payment of <<state number of weeks or months>> [if the Distributor does not make payment within the period permitted for payment by the Distributor].]
  - 4.59.3 [Either party] [the other party] upon breach of any clause of the Distribution Agreement if the other party fails to <<state number of days, weeks or months>>].]
  - 4.59.4 [An immediate termination by [the Company] [the Distributor] in the event of the insolvency of [the Company] [the Distributor].]
  - 4.59.5 [An immediate termination by [the Company] [the Distributor] in the event of a change of control of [the Company] [the Distributor].]
  - 4.59.6 [<<Insert text to describe the right to terminate the Agreement>>].]
- 4.60 On termination of the Distribution Agreement:
  - 4.60.1 [The Company] [the Distributor] disclosure obligations under the Distribution Agreement that will [not] remain effective [for a period of <<state length of period>>].]
  - 4.60.2 [The Distributor] [the Company] to compete with the Company [in the territory defined here/define here the territory for which the Distributor is authorized to sell] OR [in the territory where the Distributor is authorized to sell] OR [the territory where the Distributor is authorized to sell] for a period of <<state length of period>>] of Goods Agreement.]
  - 4.60.3 [The Distributor] [the Company] take delivery of any outstanding orders upon termination of the Distribution Agreement.]
  - 4.60.4 [The Company] [the Distributor] cancel any orders in the pipeline upon termination of the Distribution Agreement.]
  - 4.60.5 [The Company] [the Distributor] have the option to] repurchase stocks held by [the Company] [the Distributor] upon termination.]
  - 4.60.6 [The Distributor] [the Company] promotion and advertising of the

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goods.]

4.60.7 [If the D material ay] [must] dispose of them upon termination [Distributor] will be responsible for the [disposal].]

4.60.8 [The D invoices in <<state length of period>>all on.]

4.60.9 [The Dis distribut on [unless termination arises from a breach Distribution of Goods Agreement] [or from a exceptional circumstance>>].]

4.61 The Distribution of [not] be assignable by the Company [only with the prior Distributor]. The Distribution of Goods Agreement will [no the Distributor [only with the prior consent of the Co of intention to assign of [at least <<state period>> Party proposing to assign the Distribution of Goods present/refusal of consent must be given within <<state

4.62 The Company may of its obligations] OR [subcontract any of its obligation of the Distributor, and Distributor may [not] refuse co OR [only for a good reason], and consent/refusal of d thin <<state period>>].

4.63 Any notices or othe ed by one party on the other must be by [normal post] rded delivery] [e-mail].

4.64 [The [Company] [e a [parent company] [principal shareholder] guar in favour of the [Company] [Distributor].]

5. Ongoing Discussion and

5.1 The Parties will no ion to continue or complete their discussions or neg oduce, or sign any Distribution of Goods Agreement.

5.2 Nevertheless, but v on to do so, the Parties intend in good faith to condu a Distribution of Goods Agreement as soon as reasona

5.3 Either Party may, b the other, at any time and for any or no reason, and ility to the other, terminate their discussions or neg Distribution of Goods agreement between them, and cease. below, this HOT shall thereupon

5.4 If a Distribution of ntered into, it will supersede and replace this HOT b , this HOT shall stand, subject to Clause 5.3.

**6. Confidentiality and Data Protection**

- 6.1 Each Party (“the Party”) shall not, and shall ensure that it does not, disclose to the Other Party that in consideration of the confidentiality of the information or making available to the First Party any confidential information, information or documents concerning the business, affairs, operations, activities, or other Party which is or might be confidential, trade secret, or otherwise confidential, or any agreement between the Parties, or any Confidential Information, or shall not use or disclose that Confidential Information, except as may be necessary for the evaluation, discussion or negotiation of a Confidential Information, or for the purpose of an agreement with the Other Party or the recording of it in a Document, or as otherwise permitted in writing by the Other Party.
- 6.2 Neither Party is legally bound to disclose any Confidential Information in connection with their discussions and negotiations relating to the Distribution of Goods Agreement, the Parties anticipate that they will not, and shall ensure that they do not, or make available Confidential Information to each other.
- 6.3 Neither Party shall be liable for any inaccuracies in any Confidential Information that it supplies or makes available to the Other Party.
- 6.4 If at any time either Party provides Confidential Information to the Other Party, the Other Party shall do so promptly and shall destroy any copies it has made of the same.
- 6.5 Each Party acknowledges that any damages alone would be an inadequate remedy for breach of Clause 6, and that an injunction, specific performance, or other equitable relief, should be awarded against the defaulting Party in the event of an actual breach by it of this Clause 6, without prejudice to any other remedies that either Party may have available.
- 6.6 In this Sub-Clause 6.6:
  - 6.6.1 “Data Protection Legislation” means the Data Protection Act 1998 (as amended) and any secondary legislation made thereunder, and any national, regional and secondary legislation (as amended from time to time) in the UK and subsequently 2) any other applicable data protection legislation;
  - 6.6.2 “GDPR” means the EU Regulation 2016/679 General Data Protection Regulation; and
  - 6.6.3 “personal data” means personal data as defined in the Data Protection Legislation.
- 6.7 If in connection with the Distribution of Goods Agreement, or otherwise processed by the other Party (“Other Party”) (“First Party”) collects, holds or processes personal data, the Other Party undertakes to the First Party:
  - 6.7.1 to comply with the Data Protection Legislation, and to discuss, negotiation, drafting, and entering into the Distribution of Goods Agreement;
  - 6.7.2 to ensure that it complies with the Data Protection Legislation and the rights under the Data Protection Legislation of the Other Party and the rights under the Data Protection Legislation of any third party;
  - 6.7.3 to ensure that it complies with its Privacy Notice. A copy of each copy of the Privacy Notice is included in the Schedule to this HOT][is

available on  
before the d

provided to the Other Party on or

- 6.8 Any personal data in connection with this a Data Sharing Agreement occurs.

First Party with the Other Party in accordance with the terms of the Parties before any such sharing

**7. Law and Jurisdiction**

- 7.1 This HOT, and the connection with a p or claims arising o actual Distribution o in accordance with,

negotiations between the Parties in Goods Agreement, and all disputes with this HOT or the proposed or all be governed by, and construed Wales.

- 7.2 [Subject to Clause between the Parties of Goods Agreement and Wales.]

controversy, proceedings or claim the proposed or actual Distribution jurisdiction of the courts of England

- 7.3 [Any dispute, contr to this HOT or the p dealt with by means follows: <<set out resolution and/or ar

claim between the Parties relating Distribution of Goods Agreement is to be resolution] [and/or] [arbitration] as g details of alternative dispute

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Description of the Parties (see Clause 4.2)

Attach a copy of each Party's Certificate of Incorporation/Registration referenced in Clause 6.7.3

**EITHER**

[SIGNED on the above date for and on behalf of the Party (Name of Company)>>:

By <<Name and Title of person signing>>

\_\_\_\_\_  
Authorised Signature]

**OR**

[SIGNED on the above date by <<Name of Person>>]

\_\_\_\_\_  
Signature]

**AND**

**EITHER**

[SIGNED on the above date for and on behalf of the Party (Name of Distributor)>>:

By <<Name and Title of person signing>>

\_\_\_\_\_  
Authorised Signature]

**OR**

[SIGNED on the above date by <<Name of Person>>]

\_\_\_\_\_  
Signature]

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