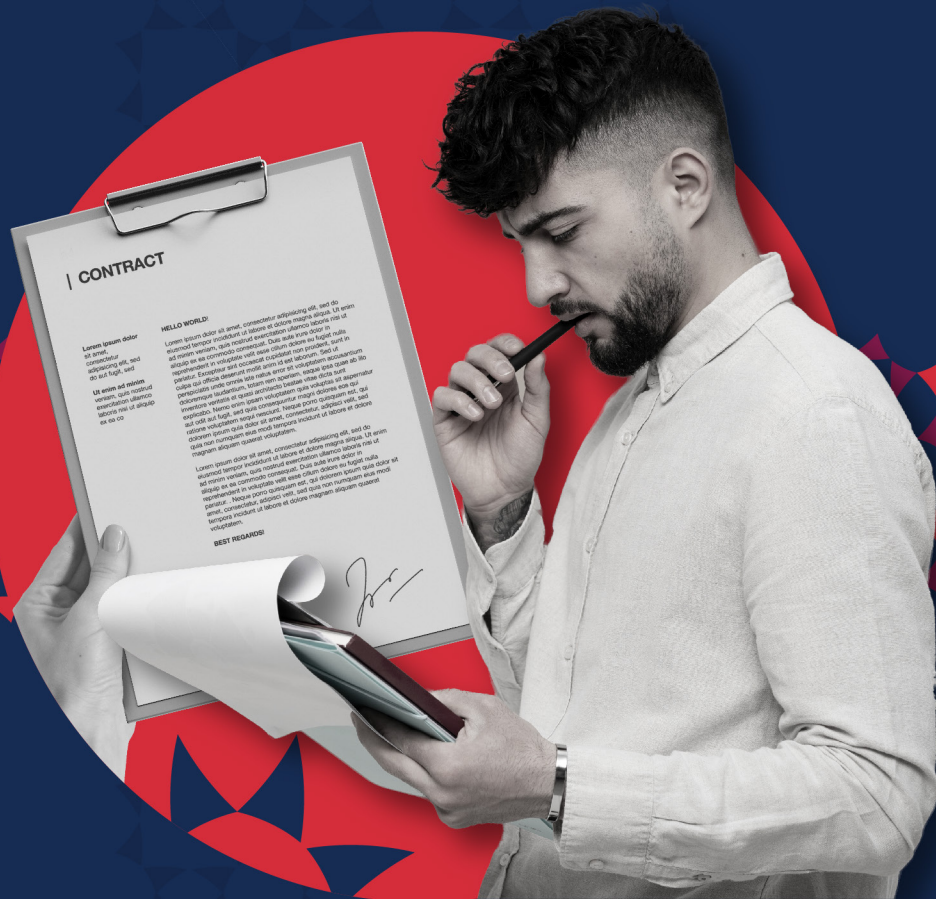


MATTERS TO ENSURE BEFORE SIGNING THE CONTRACT



This booklet aims to help you understand and navigate the basics of drafting and reviewing contracts. It's meant to provide helpful tips and insights but isn't a replacement for legal advice or consulting actual laws, regulations and official decisions. The Bahrain Chamber of Commerce isn't responsible for any legal outcomes from using this guide.

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Legal Affairs Department

✔ **Contract-Related Documents**

Ensure all documents related to the contract are thoroughly reviewed and verified for accuracy.

✔ **Contract Title**

Confirm that the contract title clearly reflects its nature and objectives.

✔ **Contract Date**

Ensure the contract date is clearly written and matches the actual contract date.





Contract Parties

You should make sure that

- ✓ Verify that each party's name, headquarters address, legal form, and commercial registration number or personal identification number are correctly stated in the contract
- ✓ Ensure the abbreviation used distinguishes each party clearly from the others.



Contract Preamble

- ✓ Ensure the preamble is limited to providing information that explains how the parties entered into the contract and its purpose, without delving into contractual obligations or representations

Contract Organization

You should make sure that



01

The system used for dividing and numbering the contract is suitable for its size, facilitates reference to any part, and ensures related materials are grouped together and arranged in a way that aligns with their importance, making the contract easy to understand and use.

the contract pages are numbered in a way that avoids any discrepancies

02



03

If there are section titles, make sure each section carries a title that accurately reflects its content and that there are no hidden sections under general titles that are difficult to identify.



Drafting of Contract Provisions

You should make sure that

01

The terms in the contract are clarified and defined where necessary.

02

The scope and subject matter of the contract are clearly defined.

03

All provisions of the contract are clearly drafted



Contract Term

You should make sure that

01

The specified term of the contract is acceptable and appropriate for its subject matter

02

Confirm that the method for renewing the contract for another period, if it is renewable, is clearly and directly specified and acceptable, including the renewal and termination mechanism and the notification procedures for this.

Timeframes and Deadlines

You should make sure that

01

The timeframes and deadlines for fulfilling obligations are clearly stated and are appropriate for their nature.

02

The contract includes suitable measures in case of non-compliance with the timeframes and deadlines for fulfilling obligations, such as penalties or compensation



Responsibilities, Obligations, and Warranties

You should make sure that

01 Ensure that the contract clearly defines the roles, responsibilities and duties of each party involved

02 Your obligations and responsibilities are feasible and manageable without encountering any difficulties.

03 The contract includes appropriate contractual warranties from the other party.





Products, Goods, and Services

You should make sure that

Verification of products

01

The products, goods, or services mentioned in the contract meet your needs and are sufficiently specified and described in the contract.

Inspection & acceptance of products

02

The contract clearly and accurately specifies the criteria for inspecting and accepting the products, goods, or services, and that the other party is obligated to rectify any defects at no cost within a reasonable timeframe and throughout the contract term.

Possibility of removal & replacement

03

Depending on your legal standing and if the contract allows for the removal or replacement of the service provider's personnel, ensure that the process for doing so is clearly defined, including necessary notifications and evaluation criteria.



Costs & Payment

You should make sure that

1

The contract clearly specifies all amounts payable, and whether they include taxes or not.

2

There are clear terms and a cap for variable expenses in case of additional costs

3

Payments are tied to the completion of the other party's obligations or to specific due dates clearly stated in the contract.

4

You can comply with the payment terms and schedules, and that the payment method and disbursement procedures are suitable for you.

You should make sure that

✓ Intellectual Property Rights

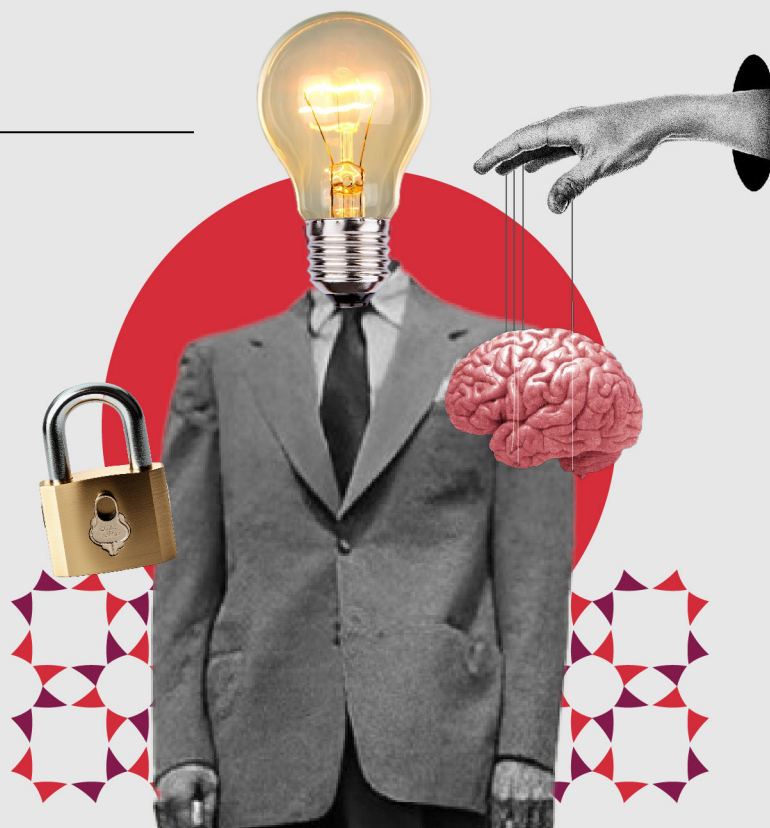
The contract stipulates intellectual property rights if you need to own them.

The contract states the other party's responsibility to compensate you in the event of an infringement on third-party intellectual property rights

✓ Confidentiality

The contract includes a clause prohibiting the other party from disclosing your confidential information and specifies their responsibilities in case of a breach of confidentiality.

The confidentiality obligations remain in effect after the termination of the contract, and that the duration of their validity is appropriate if specified.



✓ **Use of Name and Trademark**

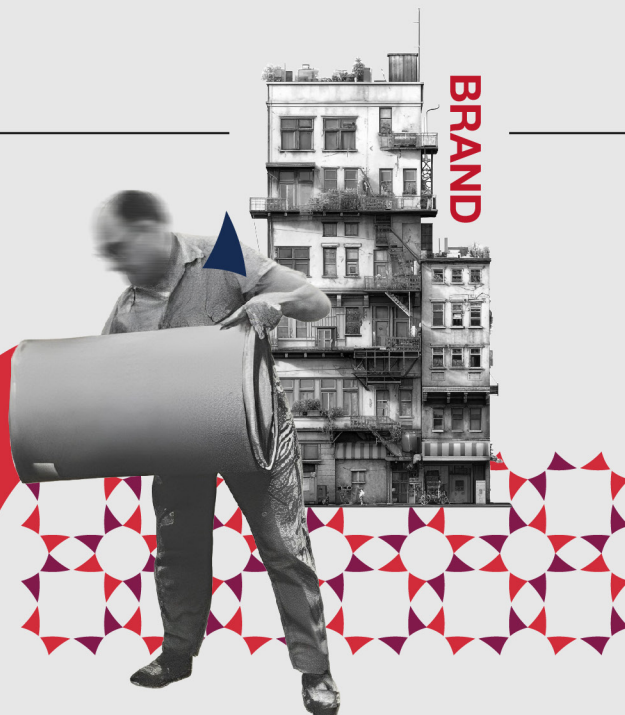
Ensure the contract prohibits the other party from using your name or trademark without your prior consent.

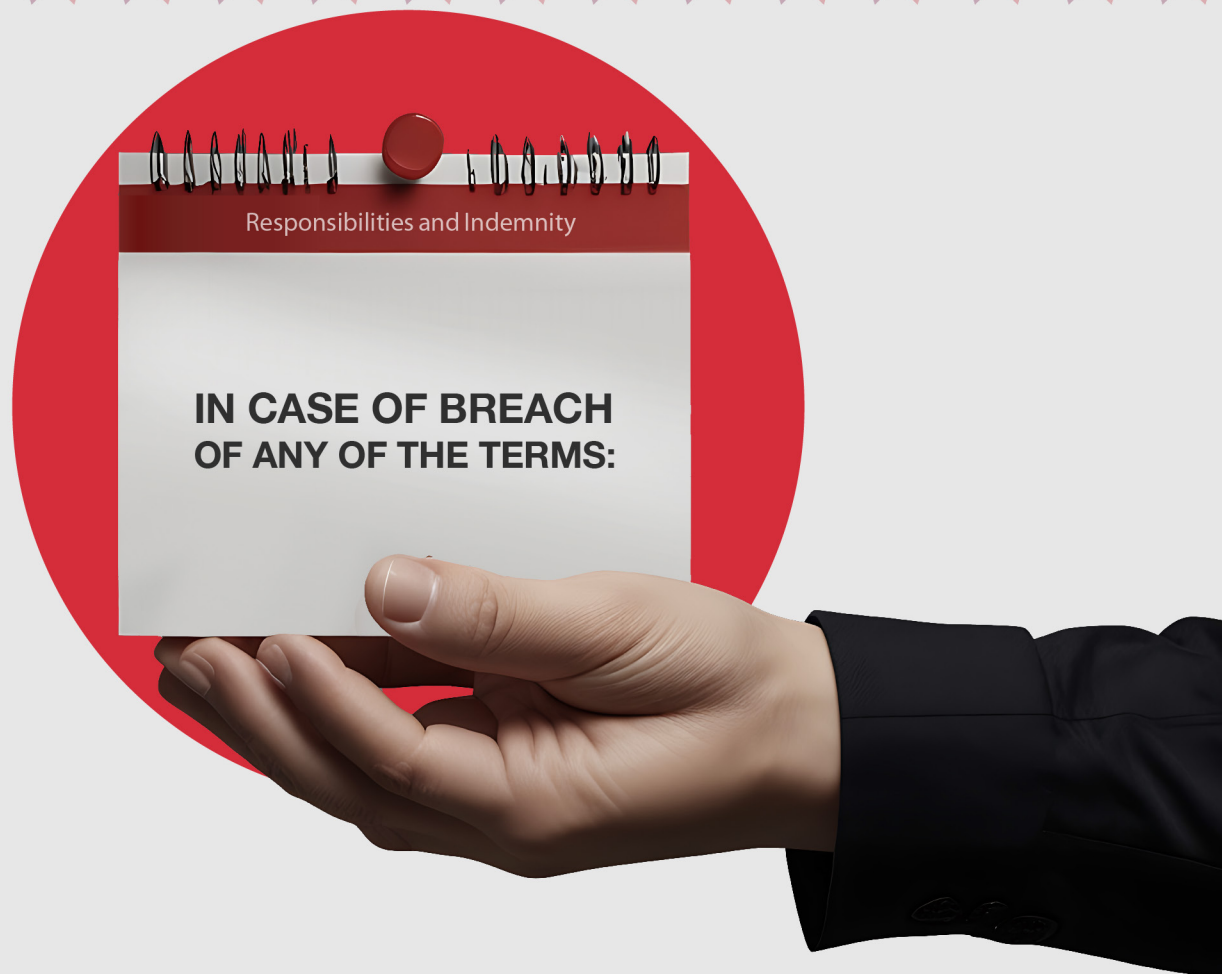
✓ **Subcontracting**

Ensure the other party cannot subcontract to a third party without your consent, and that the other party remains responsible for the work and obligations of the third party.

✓ **Assignment of Contractual Work to Third Parties**

Ensure the contract stipulates that the other party cannot assign its work to a third party without your consent, while allowing you to assign your work to affiliates within your corporate group without needing the other party's approval.





Liability and Indemnity

You should make sure that

- ✓ Ensure the contract includes a clause outlining the other party's liability for negligence, damages, including death, personal injury, breach of confidentiality, intellectual property infringement, and other matters, and that the other party agrees to assume responsibility and provide indemnity for these issues.
- ✓ Confirm that the contract grants you the right to compensation in case the other party fails to fulfill their obligations or breaches the terms of the contract.

✔ **Notices and Communications**

Ensure the contract specifies the approved method for notices and communications related to the contract.

Confirm that the contract specifies the contact information and approved addresses for both parties for correspondence and notices.

✔ **Contract Amendments**

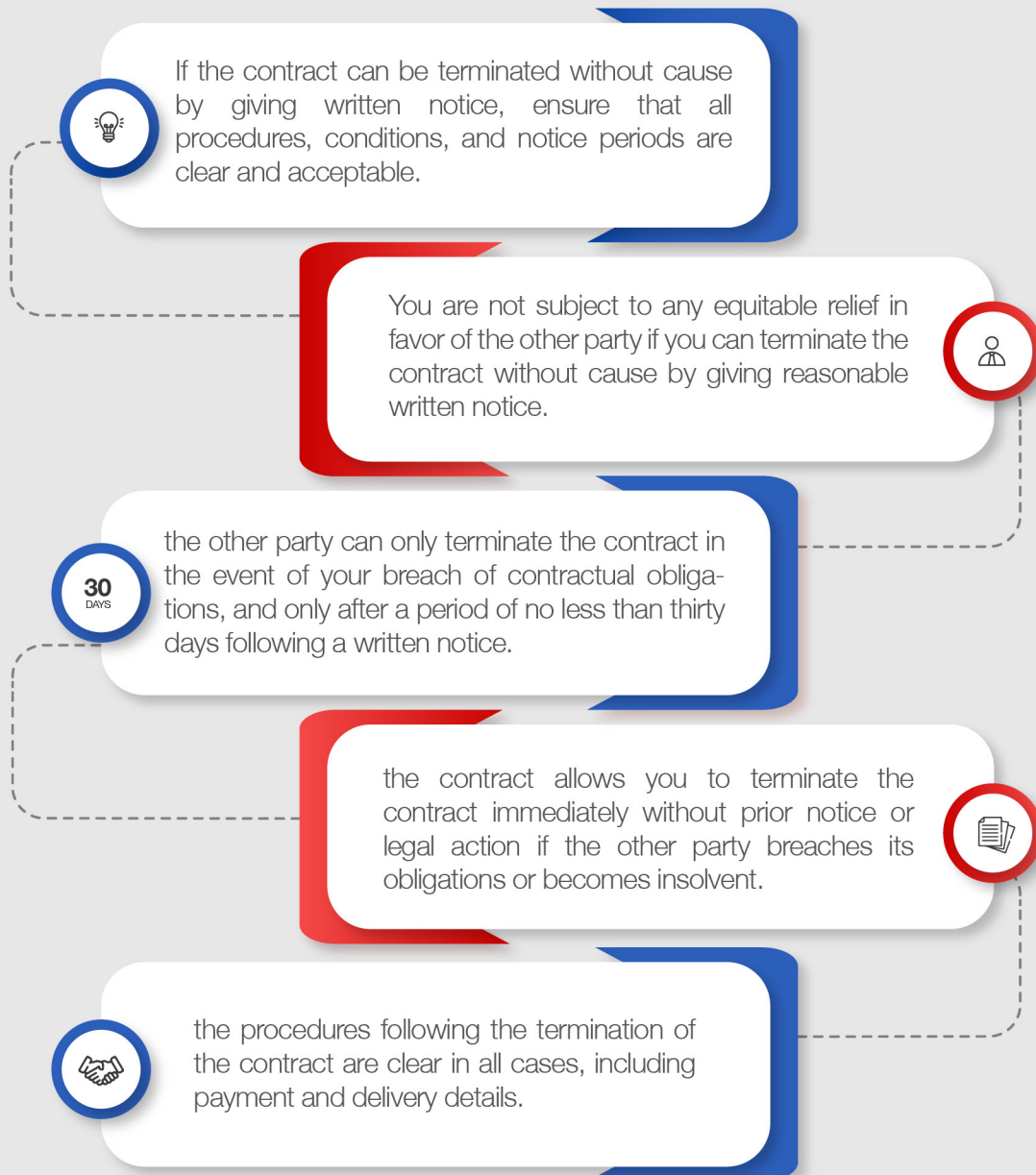
If the contract allows for amendments, ensure that the procedures for requesting changes are appropriate and require written approval from both parties.





Contract Termination

You should make sure that



Governing Law and Dispute Resolution

You should make sure that



01



The contract includes a clause specifying the governing law in case of a dispute, and that the law is suitable for you, such as the law of your country, and enforceable in the other party's jurisdiction in the event of a dispute.

03

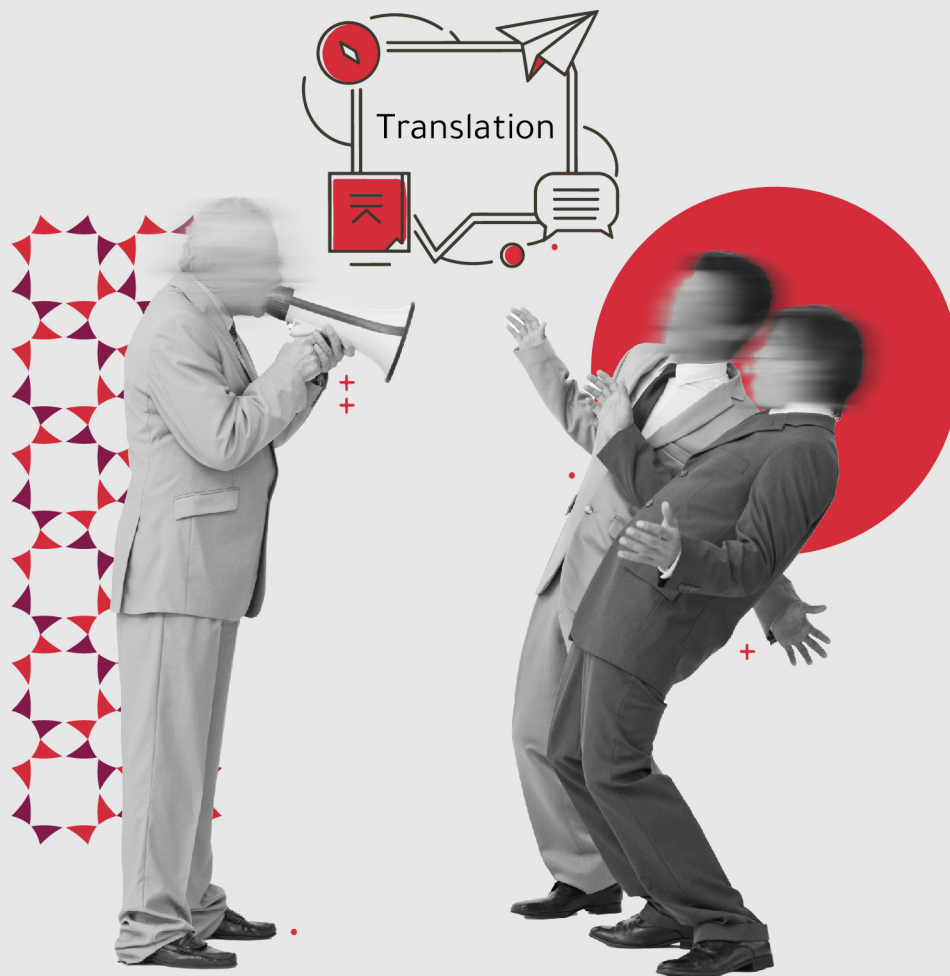


The contract specifies the method of dispute resolution, such as settlement, arbitration, or litigation.



The contract specifies the country and competent authority for dispute resolution, such as the competent court, arbitration center, or settlement authority.

02



Language Discrepancy

- ✓ Ensure the contract specifies the official language in the event of discrepancies between versions if the contract is drafted in more than one language.



Contract Execution

You should make sure that



01

Before signing the contract, ensure that you agree with all the provisions mentioned in the contract and that they do not conflict with applicable laws.

Ensure that the contract includes the name and title of the other party's representative and verify that they have the authority and legal capacity to sign the contract, ensuring this matches all the relevant documents

02



03

The contract is dated at the time of signing and that all pages of the contract are signed and stamped by both parties.

The contract specifies the number of copies, and that you have received the original signed by both parties for implementation.

04

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