DiliTrust

Termination clause checklist

Use it before you approve a termination clause in a new contract, and again before you exercise a termination right. Tick each question once you have the answer, and note the clause reference.

Contract: _____ Counterparty: _____ Reviewer: _____ Date: _____

1. Grounds for termination		Clause ref / notes
☐	What event or decision permits termination?	
☐	Does the right apply to one party or both?	
☐	Is it termination for cause, convenience, force majeure, non-renewal or mutual agreement?	
☐	Is "material breach" defined, with examples?	
☐	Do any insolvency triggers rely on an ipso facto clause (generally unenforceable in the US under 11 U.S.C. § 365(e))?	

2. Notice		Clause ref / notes
☐	What notice period applies, in calendar or business days?	
☐	What form is required (written notice, and does email count)?	
☐	Who must receive it (job title, address, copy to legal)?	
☐	Which delivery method does the contract accept?	
☐	When does notice take effect: on sending or on receipt?	
☐	When does the notice period begin and end, and what is the effective date of termination?	

3. Cure period		Clause ref / notes
☐	Is there a cure period, and when does the clock start?	
☐	What counts as a cure?	
☐	Which breaches allow immediate termination with no cure?	
☐	Is there a repeat-breach rule (for example, three failures of the same obligation in 12 months)?	

4. Termination for convenience		Clause ref / notes
☐	Who holds the convenience right, and does it apply to the whole agreement or per order or statement of work?	
☐	Is there a minimum term before it can be used?	
☐	Is an early termination fee due, and is it a reasonable estimate of loss rather than a penalty?	

5. Money		Clause ref / notes
☐	What payments are due: unpaid invoices, work in progress, non-cancellable costs?	
☐	Are prepaid fees refunded, and are service credits still owed?	
☐	Do these terms fit with the limitation of liability and service credit provisions?	

6. Exit and transition		Clause ref / notes
☐	Does the contract require transition assistance, at what rates and for how long?	
☐	What happens to data: return, deletion, format, deadline and written	

	confirmation?	
☐	Who removes system access, and which equipment, documents or assets must be returned?	

7. Survival		Clause ref / notes
☐	Which provisions survive termination (confidentiality, accrued payments, IP, indemnification, limitation of liability, audit, governing law, dispute resolution)?	
☐	For how long does each one survive?	

8. Renewal and tracking		Clause ref / notes
☐	Does an auto-renewal clause create a second exit window, and do the two deadlines line up?	
☐	Do any amendments change the notice period or the term?	
☐	Is there a named owner for the termination decision?	
☐	Are the notice deadline, approvals and evidence requirements recorded in your contract system, with an alert set before the deadline?	

This checklist is for general information only and does not provide legal advice. Termination rights and remedies vary by contract, jurisdiction and circumstance.

Track notice deadlines, owners and alerts for every contract with DiliTrust Contract Management: www.dilitrust.com/demo-contract-management/