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Fact Sheet Distribution - Ukraine (September 2012)

How is a distributor defined under national law?	There is no legal definition of a distributor. A distributor can be defined as a wholesale trader who buys goods from a manufacturer and sells them to third parties in its own name and on its own account.
How does the definition of a distributor differ from that of a commercial agent?	The difference between distribution and agency is, that an agent sells goods owned by a principal and a distributor sells goods purchased by him from a manufacturer. Accordingly, an agent is paid a commission by a principal and the remuneration of a distributor is a margin between purchase and sale price.
Is there any specific legislation governing the relationship between a manufacturer and distributor?	There is no specific legislation governing distribution; it is regulated by the general principles of civil and commercial law. Actual distributorship relationships often arise on the basis of supply contracts and, thus, the provisions of the Civil Code of Ukraine shall be applied.
How is the duration of a contract normally defined?	The duration of a contract is agreed by the parties. There are no specific regulations in this regard.
How long is the notice of termination?	The notice of termination is agreed by the parties. There are no specific regulations in this regard.
What rights does the distributor have to compensation or indemnity upon termination?	Unless there are expressed terms in a contract, no compensation or indemnity is provided for by the legislation.
Are there any laws or regulations relating to restraint of trade/restrictive covenants	There are no specific regulations in this regard. But provisions of Competition Law may be applicable.
Are any particular formalities required for a distribution agreement to be legally valid and enforceable under national law?	An agreement must be in writing. A contract between Ukrainian and foreign entity must contain clauses stipulated by the law.

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