Global Private M&A Guide - Limited External Content - Czech Republic

Agreeing to the acquisition agreement → Covenants

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# Is a noncompete common?

Frequency/market practice: Fairly common but difficult to get from private equity sellers or in some sectors.

# Is it common to use waterfall or blue pencil methods to interpret contractual provisions?

Frequency/market practice: Rarely; blue pencil provisions are typical to interpret the scope of the restrictive covenants.

# Are nonsolicitation provisions (of employees) common?

Frequency/market practice: Fairly common (in conjunction with noncompete).

# Are nonsolicitation provisions (of customers) common?

Frequency/market practice: Fairly common (in conjunction with noncompete).

# Are seller restrictions usually imposed on the target business between signing the purchase agreement and closing?

Frequency/market practice: Very common.

# Is there broad access to books, records and management between signing and closing?

Frequency/market practice: Fairly common; depends on the sophistication of the parties. This is common for private deals but there is often resistance from sellers. There are competition law issues around potential "gun-jumping."

# Is it common to update warranty disclosure or notify of possible breach?

Frequency/market practice: Fairly common but limited to matters occurring post-signing and only with respect to business warranties. Where there is a material breach, there is a right to terminate.

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