



203: Opening Offices in Foreign Countries: The Nuts, Bolts, & Pitfalls

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Faculty Biographies

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James A. Elgass is senior vice president and general counsel of Yum! Restaurants International in Dallas. He is responsible for all legal matters affecting the organization outside the continental United States. YRI operates and franchises over 12,000 restaurants in many countries, under the KFC, Pizza Hut, Taco Bell, A&W, and Long John Silver's brands.

Prior to joining Yum! Restaurants International, Mr. Elgass worked in the international legal department of McDonald's Corporation. His positions there included general counsel-Asia/Pacific, and European general counsel. He has also worked for AT&T and the San Francisco law firm of Thelen, Marrin, Johnson & Bridges.

Mr. Elgass received both his BA and JD from the University of Michigan.

Matthew E. Hamel

Matthew E. Hamel is general counsel of Dow Jones Reuters Business Interactive LLC, d/b/a/ Factiva. His responsibilities include managing a six-person legal department with lawyers based in the U.S. and the U.K., as well as supervising outside counsel. He advises senior management on matters of strategic importance to the company and acts as secretary to the board of Factiva, a 50/50 joint venture between Dow Jones and Reuters for the provision of business news and information online. Mr. Hamel is also responsible for ensuring that Factiva's products and services comply with applicable laws and regulations around the world as well as with the company's content license agreements.

Mr. Hamel was previously division general counsel at Colgate-Palmolive Company, where he was responsible for overseeing legal matters in Central and Eastern Europe, Turkey and Central Asia, and the Middle East and Africa. He began his career with White & Case, where he worked in their Washington, DC, New York, Stockholm, and Warsaw offices.

Mr. Hamel is on the content board of the Software and Information Industry Association.

Mr. Hamel received his BA from Yale University, was a Fulbright Scholar at the University of Uppsala, Sweden, and earned his JD from The University of Chicago Law School.

Kathleen A. Metzger

Kathleen A. Metzger is the former vice president legal affairs for Fiskars Brands, Inc., a global consumer products company.

Prior to joining Fiskars Brands, Ms. Metzger served as chief legal officer for Pharmasset, Inc., a startup biotech company in Atlanta. Before relocating to Georgia, she was in-house counsel in the areas of corporate, finance, and international transactions for Dow Corning Corporation in Midland, Michigan.

Ms. Metzger received a BA from Michigan State University, and a Master in international management from Baylor University. She holds certificates in management accounting and financial management. She is a graduate of the Columbia University School of Law.

Carol L. Roslund

Carol L. Roslund is corporate counsel for Gates Corporation in Denver. Her duties include operational and strategic responsibility for corporate and joint venture formation and maintenance, contracting, ecommerce and IT licensing, corporate compliance, and a particular focus on the legal needs of the company in Asia.

Prior to joining Gates, Ms. Roslund was general counsel and secretary of Volvo Trucks North America, Inc. She also has worked as in-house counsel for Siemens Automotive Corporation, The Coleman Company, Inc., Olin Corporation, and the Test Instruments Division of Honeywell, Inc. Her responsibilities have included providing counsel for international mergers and acquisitions, joint ventures, and agency, and distributorship arrangements. She has focused on developing compliance programs for foreign subsidiaries or affiliates of U.S. companies including anti-boycott, foreign corrupt practices, securities, and export/import issues. She has lived and worked overseas in Europe and New Zealand.

She currently serves on the National Patrons Committee of Opera Theatre of St. Louis and has been active member for ACC for nearly 20 years.

Ms. Roslund received a BA from Colorado Woman's College, attended the Institute for English Speaking Students at Stockholm University in Sweden, and is a graduate of the University of Denver, College of Law.

Jerrold H. Temko

Jerrold H. Temko is general counsel for Yamanouchi Europe, the marketing arm of Yamanouchi Pharmaceuticals, Ltd, located in the United Kingdom. He is responsible for providing a full range of legal services to Yamanouchi in Europe, the Middle East, and Africa. He supervises a decentralized team of five lawyers, located in the Netherlands and the United Kingdom. His practice emphasizes mergers and acquisitions, joint ventures and disposals, company and commercial matters, as well as supervision of major litigation and dispute resolution, risk management, and compliance issues.

Prior to joining Yamanouchi, Mr. Temko was senior division counsel for Invensys plc the former FTSE-100 engineering conglomerate. Before joining Invensys, he was senior international attorney with the Wyeth-Ayerst Pharmaceuticals and Whitehall Consumer Health Care Divisions of Wyeth (formerly American Home Products Corporation), based in Radnor, Pennsylvania. Before joining Wyeth, he was associated with two New York law firms, Lord Day & Lord and Kevin MacCarthy Associates.

Mr. Temko serves as treasurer of ACC Europe.

Mr. Temko received his BA and MA in International Relations from the University of Pennsylvania. He received his MA and LLM in Law from the University of Cambridge, England.

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**OPENING OFFICES IN FOREIGN COUNTRIES:
THE NUTS, BOLTS AND PITFALLS**

ASSUMPTION:

A business decision has been reached that a new office for the Company will be opened in the country Xtrania – perhaps located in Europe or Asia, or a more developing country elsewhere in the world – and this is the first presence of the Company in Xtrania. The following are factors to be considered in carrying out the business decision.

Initial Inquiries:

1. What is the 5-year plan for growing the business?
2. Are there any UN/international mandates about, or US laws prohibiting, doing business in Xtrania?
3. Are there any conflicting business arrangements in effect?
4. Will an alternative location still meet the business purpose?
5. Are there cultural influences or prohibitions in the way business is conducted in Xtrania?
6. How can qualified local counsel for Xtrania be identified?

INVESTMENT ENVIRONMENT

1. Are there diplomatic relations between home country and Xtrania?
 - a. Embassies/consulates?
 - b. Travel restrictions to or within Xtrania?
 - c. Are there any treaties relative to the proposed investment?
2. Are elections scheduled or is there an anticipated change in the present government?
 - a. Has the government been historically stable?
3. Does Xtrania generally welcome investment?
 - a. Are investments protected against nationalization/expropriation?
 - b. What is the administrative decision making process like in Xtrania?
 - c. Are government or private agencies promoting investment in Xtrania?
 - d. What are the types and conditions of investment incentives?
 - e. Are foreign investments restricted or prohibited in the Company's sector of the economy?
4. Must the Company be associated with an Xtranian national or related state to invest?
5. What is the attitude and state of environmental regulation?
 - a. Is the business subject to environmental regulations?
 - b. Are there added costs involved such as audit requirements?

CORPORATE STRUCTURE

1. Wholly Owned
 - a. Branch
 - b. Subsidiary
 - i. Limited liability company (Sarl; GmbH)
 - ii. Corporation (SA; AG)
 - iii. Other form?
 - c. Notable restrictions?
 - i. Activities of the Company
 - ii. Management of the Company
2. Joint Venture
 - a. Is a local investor required?
 - i. Are there minimum local or maximum foreign ownership percentages?
 - ii. Is local management required?
 - b. Restrictions on [foreign] shareholder's rights
 - c. Does the government interfere in management?
 - d. Governance issues
 - i. Matters for shareholder approval
 - ii. Board constitution and matters for Board approval
 - iii. Blocking minority/supermajority
 - iv. Ancillary agreements between JV and shareholders
 - e. Divestment obligations
3. Establishment
 - a. How complicated is it?
 - i. Time
 - ii. Expense
 - iii. Is "one-stop" government approval available?
 - iv. Can you buy a company off-the-shelf?
 - v. Should you establish a local holding company?
 1. Legal liability?
 2. Tax liability?
 - b. Contributions
 - i. Amount
 1. Capital requirements (debt vs. equity)?
 2. Local vs. foreign?
 - ii. Form
 1. Kind?
 2. Cash?
 - iii. Valuation
 1. Imports?
 2. Permits?
4. Maintenance
 - a. Ongoing responsibilities and liabilities
 - b. Signing authority
 - c. Annual meetings
 - d. Tax returns
 - e. Board membership for foreign executives

TAX

Initial Considerations

1. Is there a tax treaty in place between Company's home country and Xtrania?
2. Is there a generally accepted way of structuring the company so as to insure the desired tax consequences?
3. Is there an advance tax ruling that can be used to validate/invalidate the chosen form of doing business?
4. Is there a general anti-tax avoidance system?
5. Can the chosen form of the business be treated as a different form for tax purposes?
6. What about making a disregarded entity election in the U.S.?
7. What are the parent company's financial objectives? Is a lower effective tax rate or increased cash flow more desirable?
8. Is the parent company prepared to address potential transfer pricing issues?

U.S. International Tax

1. Under Subpart F Rules (I.R. C. Sections 951 through 964), how will the U.S. tax authorities view and/or tax the Company's functions and transactions?
2. What foreign tax credits will be generated?
 - a. How will the allocation of interest and R&D expense of the parent reduce the Company's foreign-sourced income for foreign tax credit calculation?
 - b. Has the parent company any tax plans in place for utilizing potential excess foreign tax credits?
3. How will the Company repatriate cash?
 - a. Will a note receivable on Xtrania's books be suspect and regarded as a disguised dividend (and subject to withholding)?
 - b. What is possible under different legal structures?
 - i. Subsidiary corporation and disregarded entities (for U.S. tax purpose)
 1. Will loans run afoul of thin capitalization rules and interest not be deemed deductible in Xtrania?
 2. Will dividends incur withholding taxes in Xtrania and generate excess foreign tax credits?
 - ii. Branch or Partnership
 1. Will loans be allowed with or without restrictions in Xtrania?
 2. Will repatriation of cash trigger withholding taxes?
4. Will the potential loss position of the Company during its start-up years affect the parent's ability to use foreign tax credits?
5. Does the legal structure selected realistically fit the future potential of the Company?
 - a. If the Company starts as a branch and then converts to a subsidiary is the parent willing to accept possible recapture of past losses as gains?

TAX, cont.

- b. Will potential losses of the Company at start-up generate an overall foreign loss?

Corporation Tax in Xtrania

1. What are the major allowances, deductible items; major expenses that are excluded from deductibility?
2. How is the taxable base determined?
3. What are the national/regional/local tax rates on capital gains and dividends?
4. When must the Company file its tax return? When must taxes be paid?
5. Is there a tax on:
 - a. Capital?
 - b. Intellectual property and technology imports?
 - c. Business license tax?
 - d. Apprenticeship tax?
 - e. Training tax?
 - f. Other miscellaneous taxes?
 - g. What are filing and payment requirements?
6. Are there registration duties due upon:
 - a. Incorporation/formation of company?
 - b. Increase of capital?
 - c. Transfer of the Company's shares?
 - d. Transfer of the Company's assets?
 - e. Any other registration duties?
7. What is the system of sales tax (e.g. value added, cumulative)?
 - a. Is input tax credible against output tax?
 - b. What are the rates, filing and payment requirements?
 - c. If Xtrania is a member of the EU, is the Company familiar with and compliant with new invoicing directive requiring certain information on invoice to qualify for VAT tax refunds?
8. Are contributions due in respect of any of the following:
 - a. Social security?
 - b. Retirement / Pension?
 - c. Unemployment?If so, what are the filing and payment requirements?
9. Are there any particular tax consequences of doing business in Xtrania?
10. What are the national/regional/local tax rates on profits?
11. Where is the new Company subject to tax?
 - a. Under what circumstances will worldwide income be taxed?

TAX, cont.

12. How are corporate tax losses treated?
 - a. Are loss carry-forwards permitted?
13. Is there an applicable wealth tax?
14. What are the rates realized by a foreign corporation of withholding tax on:
 - a. dividends
 - b. royalties
 - c. interest
 - d. profits
15. Does Xtrania have a reduced treaty rate for withholding tax?

Individual Tax

When Ex-pats are employed by the Company in Xtrania consider:

1. Allowances
2. Determination of tax base
3. Capital gains tax
4. Dividends
5. Filing and payment requirements
6. Inheritance and gift tax
7. Real estate/habitation tax
8. Sales tax
9. Social security and welfare system contributions
10. Taxation of stock options/profit sharing/savings plans
11. Taxation of benefits in kind (auto, housing, utilities, education)
12. Tax on income
13. Treaties
14. Territoriality rules (where is individual subject to tax)
15. Wealth tax
16. Salary subject to withholding tax at the source.

INVESTMENT INCENTIVESExport Incentives and Guarantees

1. Are there tax incentives for export?
 - a. Limited to certain types of products?
2. Is export financing available from government/private sources?
3. Is there any governmental insurance for exports?
4. Must a national be a participant in the enterprise for the Company to benefit from these incentives?

Grants, Subsidies and Availability of Funds

1. Can the Company receive grants or subsidies?
 - a. Are these restricted by type of activity?
 - b. Process for obtaining approval?
 - c. How long?
2. Can the Company receive loans from the government or agencies?
3. Must a national be a participant in the enterprise for the Company to benefit from these incentives?

National/Regional Tax Incentives

1. Are there national/regional tax incentives for the Company (either from Xtrania or the home country)?
 - a. Restricted by type or duration of activity?
 - b. What is the approval process?
 - c. How long?
2. Must a national be a participant in the enterprise for the Company to benefit from these incentives?

FOREIGN CORRUPT PRACTICES ACT

1. What is the level of relative corruption present in Xtrania as measured by Transparency International? See www.transparency.org
2. Does the foreign or domestic Company you are advising have a class of securities registered pursuant to Section 13 of the Securities and Exchange Act?
3. If yes, has the foreign or domestic Company established the record keeping and internal controls required by the Act?
4. And, has the Company provided employees training on anti-bribery and sensitive payments?
5. Reference and practice aid: ABA Publication "Complying with the Foreign Corrupt Practices Act," Donald R. Cruver.

IMPORT/EXPORT

1. What are the relevant trade agreements and preferences?
2. What are the foreign trade regulations on the import and use of business equipment and technology?
3. Are there foreign trade regulations on the import/export of goods involved in the business?
4. Are there any limits on export of the Company's products from Xtrania?
 - a. Are export licenses required?
 - b. What are the applicable export duties?
5. Are there any limits on resale of imports internally and externally?
 - a. Import licenses required?
 - b. What are the duties (taxes) on the imports of the Company's products?
 - c. Import quotas?
 - d. Other barrier to entry?
6. Must the product contain ingredients/components which are found/produced only in Xtrania?
 - a. Will importation of certain component parts be permitted only if they are ultimately incorporated into the final product?
7. Will imports of technological information and products comply with U.S./other export control regulations?
8. Are there other taxes on imports/exports?
9. What are the methods of valuing imports/exports with related companies?
 - a. Unrelated companies?
10. What is the availability of free-trade zones?
 - a. Advantages or disadvantages?
11. What import/export permits/licenses are required and what exchange allocations/quotas apply? Consider time, cost, approvals and limitations.
12. Is there an opportunity to import/export on own account?
13. What is the availability and skills of customs brokers?
14. What is the nature of clearance of goods through customs?
15. What is the level of discretion exercised by customs agents?
16. Is dumping regulated?

LIMITS ON FIELDS OF ACTIVITY

1. Is the Company operating in a regulated industry?
 - a. What are the respective regulations?
2. Are there trade associations the Company can or must join?
 - a. Mandatory trade practices?
3. Any limits on manufacture or sale of the Company's products?
4. Any limits on retail sales?
5. Are there restrictions on advertising?
6. Are there bookkeeping and audit requirements on the local books?
7. Are there certain business ethics/codes which the Company must follow?
8. Can the Company freely enter into local contracts?
9. Are there other national/local regulations in Xtrania requiring licenses/permits, and if so, what are the timing, cost, and means of gaining approval for such?

SALES CONCERNS, LAWS AND REGULATIONS

1. Are there applicable price controls?
2. What are the rules of competition regarding:
 - a. Price-fixing?
 - b. Resale price maintenance?
 - c. Price discrimination?
 - d. Cooperative advertising and promotion?
 - e. Exclusive territories?
3. Does the new Company's operations comply with anti-trust law?
 - a. Are there filing requirements?
4. How will the Company's customers be serviced?
 - a. Warehouses?
 - b. Sales representatives?
 - c. Where will inventory be stored?
5. What are the laws regarding cancellation of wholesaler/distributor agreements?
6. Are there restrictions on the manner, time or place of sale of the Company's products?
7. What are the product quality laws?
8. Must the new Company register its product in Xtrania?
 - a. How is this done?
9. Are there consumer protection laws which apply to the Company's operations?
10. Are there any local reporting requirements concerning quality and safety issues of products sold in Xtrania?
11. What are the packaging laws including language(s) used, safety warnings, listing of ingredients?
12. What is the warranty and after-sale exposure?
13. What price controls and limitations on markups or mark-downs exist?
14. What are the statutory/contractual liabilities for product defects?
15. What levels of product liability insurance coverage are required?
16. Does Xtrania respect/require:
 - a. choice of venue provisions in contracts
 - b. hold harmless clauses in contracts and
 - c. provisions requiring alternatives to dispute resolution such as arbitration?

FINANCIAL ISSUES

1. Banking Facilities

- a. What is Xtrania's banking system like?
- b. What are the requirements for opening a bank account?
- c. Are there restrictions on its use?
- d. May a foreign Company:
 - i. Maintain a foreign currency account?
 - 1. A local currency account?
 - ii. Earn interest on deposits?
 - iii. Pay/receive payment reliably via the local banking system?
 - iv. Receive a bank loan?

2. Exchange controls

- a. Are there:
 - i. Multiple exchange rates?
 - 1. e.g. export/import rates, official/unofficial rates
 - ii. Requirements regarding minimum conversion or deposit of foreign exchange earnings?
 - iii. Limited access to foreign exchange?
 - iv. Permit or reporting requirements?
 - v. Restrictions on financial transactions with locals?
 - 1. Other foreigners?
 - vi. Import deposits/surcharges?
- b. Who administers exchange rates?
 - i. Pursuant to what criteria?
 - ii. Are they historically stable?
- c. How does Xtrania treat the repatriation of:
 - i. Profits/Dividends
 - ii. Interest
 - iii. Royalties
 - iv. Technical service fees
 - v. Capital?

*Note that withholding taxes and tax treaties are relevant here.

3. Credit

- a. What credit terms are normally extended to:
 - i. Importers?
 - ii. Local manufacturers?
 - iii. Businesses in your industry?
- b. What retail credit is available to consumers (credit cards, etc.)?
- c. Do people or businesses buy on installment?
- d. Are there credit rating agencies?
 - i. Other tools to help me find out about my customers?
 - ii. Will my local suppliers give me credit?
 - iii. Will they compete for my business on that basis?

4. Other Issues

- a. Local rules, customs, and terms regarding:
 - i. Insurance (consider D&O for local managers)
 - ii. Public Offerings

LABOR**Employees**

1. What laws cover employer/employee relations?
2. What are common methods of recruiting (e.g.; agencies, word of mouth)?
3. What is the nature of the labor pool (including English language skills)?
 - a. Is adequate skilled/unskilled labor available in Xtrania?
4. Are there any U.S. political or publicity concerns about the country, labor force and payment and work conditions of the labor force?
5. Must the Company hire nationals of Xtrania?
 - a. A minimum number?
 - b. Must certain positions be held by nationals?
 - c. Are there obligations to train employees?
6. What is the legal minimum wage/overtime premium (region/industry/skill)?
7. Are there wage controls?
8. What are the average wage/fringe benefits for unskilled and skilled workers/managers?
9. What fringe benefits are typically provided or are legally required? Consider the following:

<ol style="list-style-type: none"> a. Annual leave b. Sick leave c. Casual leave d. Maternity/paternity leave e. National holidays f. Bereavement leave – average g. Provident fund/selective service system (SSS) h. Calamity leave i. Employee state insurance or other health insurance j. On-site medical facility 	<ol style="list-style-type: none"> k. ELA (extended leave of absence) l. Bonus m. Severance/gratuity n. Housing gratuity o. Meal subsidy p. Transportation subsidy q. Workers' compensation r. Accident and disability insurance s. Retirement programs t. Profit-sharing plans
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10. What are the legal restrictions on working hours and overtime per shift/day/week (males/females)?
11. What are the average working hours per shift/day/week?
12. What are standard working hours for office and retail store managers/clerks?
13. Are labor permits required?
 - a. Process takes how long? Fees?
14. Are there safety codes which must be followed? Are there any environmental conditions prohibited for various classes of employees including pregnant females?
15. What are the conditions/elements of severance/ layoffs/closings? Does the Company have a continuing obligation towards dismissed employees?
16. What are the retirement obligations (funded/unfunded)?

LABOR, cont.

17. Are unions recognized?
 - a. What is the nature of union representation (voluntary/ compulsory)?
 - b. Is the Company obligated to organize unions?
18. Are there mandatory collective bargaining agreements?
19. What terms of employment are governed by union negotiation?

Expatriates

1. Is a visa required for short term travel or long term stay in Xtrania?
 - a. Process and fees?
2. What is the nature of the immigration controls?
 - a. Are entry/exit/re-entry permits required?
3. What are the limits on number and length of stay?
4. Is a resident permit required?
 - a. How long to obtain?
 - b. Information needed?
5. How does the cost of living in Xtrania compare to the home country?
 - a. What is the rate of inflation?
6. Does the employee/investor need to obtain a driver's license?
7. What types of schools and housing is available to the Ex-pat?
 - a. Can the expat own real property?
8. Can the expat import personal belongings?
 - a. Any import duties payable?
 - b. Requirements for clearing customs?
9. What level of medical care is available?
 - a. Is there national healthcare?
10. Any tax allowances on moving costs?
 - a. What is the Ex-pat's tax liability (see Tax section)?
11. Does the Ex-pat need a work contract to work in Xtrania?
 - a. If so, what specifics must be included?
12. Does the expat need a work permit?
 - a. How and where does the Ex-pat apply?
 - b. What documents are required?
 - c. Can the Ex-pat's spouse work in Xtrania?
What type of work contract is needed or permitted?
Must it be organized before the family moves to Xtrania?

Security

1. Is security provided in Ex-pat communities?
2. Are there kidnapping concerns for key employees and is insurance available?
3. Are there any known terrorist issues?
4. Is repatriation insurance available?

REAL ESTATE

1. What is the nature of ownership of land/buildings?
 - a. time, cost, approvals, occupant rights?
2. Are there restrictions on lease/ownership/transfer?
3. Are there restrictions on where foreign companies can lease or own land/buildings or operate?
4. What is the nature of lease of land/buildings?
 - a. time, cost, approvals, tenant rights?
 - b. Are there restrictions on assignment/sublet?
 - c. What is the law regarding ownership of fixtures?
5. Are there restrictions on profit/speculation on real estate (sale/assignment/sublet)?
6. Is there protection against confiscation/nationalization?
7. Are there other forms of real estate rights other than ownership or lease (e.g., usufruct)?
8. What are the local environmental laws?
9. Is there an industry standard for extending U.S. environmental laws to facilities in-country?

INTELLECTUAL PROPERTY

1. What are the patent, trademark, and copyright laws in Xtrania?
 - a. What protections exist for intellectual property?
 - b. What are the local practices?
2. Who can serve as qualified local counsel for intellectual property matters?
3. Are the Company's patents, copyrights, and trademarks registered in Xtrania?
4. What is the process and how long does it take to have any patents, copyrights and trademarks registered before the Company sets up business?
5. Will the Company's products infringe any presently existing patents, copyrights, or trademarks in Xtrania?
6. Does Xtrania tax importation of technology used in business?
7. Do any licenses cover the market, and what are the Company's rights and obligations thereunder?
8. Do any licenses with other parties need to be amended to cover the territory of Xtrania?

JUDICIAL SYSTEM

1. What is the nature, efficiency, and fairness of the judicial system?
2. Is the judicial system biased against foreigners?
3. What are the penalties for violating customs, tax, and other laws and regulations (civil/criminal)?
4. What are the procedures for trials?
 - a. Appeals?
 - b. Must disputes be resolved in Xtrania?
5. Can foreign judicial decisions be enforced in Xtrania?
 - a. Can decisions from Xtrania be enforced elsewhere?
6. What is the availability/enforceability of alternative dispute resolution (arbitration)?
7. Can the Company chose to be subject to Xtrania's jurisdiction or not?
8. Who can serve as qualified local counsel?

EXIT STRATEGY

1. What are the procedures, restrictions, and penalties involved in terminating a business?
2. What is the reason(s) for the exit?
3. What are the proper notices and warnings required by contract and local law?
 - a. What is the industry standard generally and in the country involved?
 - b. Have all similarly situated business partners been treated in the same manner?
4. Can the business be terminated without government approval or intervention?
5. Can all reasons for termination be supported?
6. Have any oral promises or agreements been made to local, provincial or national government officials or a business partner – either before or after entering into the written agreement?
7. Is the termination fair? i.e. the front page of the local newspaper test?
8. What are the legal and litigation issues?
 - a. Is termination, cancellation or exit allowed under the stated reasons?
 - b. What other promises may be involved?
9. What are the obligations toward creditors, employees and others upon termination?
10. What is the extent of the Company's liability in the event of insolvency or bankruptcy?
11. What local laws and regulations are applicable to the exit of the business?
 - a. Was there a local registration or regularization requirement?
 - b. Did the Company follow the local requirements?
 - c. Confirm that the Company and its exit strategy are not in conflict with local law.
12. Is the Company exposed to claims beyond wrongful cancellation or termination?
 - a. What are the tax consequences to termination?
13. Has the Company entered it contracts with business partners who in turn have invested in inventory, production or distribution facilities, warehouses, offices, etc. in reliance on the contract and in good faith to perform the contract even if not required by the contract terms?
14. Are there good alternatives to exit?
 - a. Are there ways to correct the reasons for exit or termination?
 - b. Is there another way to enter into a relationship with another party?
15. Is there any way to sell out the business?
16. Is it better to wait it out?