

Contractual Relationship

[Go up to Terms and Definitions](#)

Discussion

A Contractual Relationship is a relationship among two or more [Parties](#) established or governed by one or more [Contracts](#).

A Contractual Relationship provides the context within which Parties perform Roles and hold or are subject to:

- [Rights](#)
- [Obligations](#)
- [Permissions](#)
- [Prohibitions](#)
- [Responsibilities](#)
- [Commitments](#)

A Contractual Relationship is distinct from the Contract that establishes or governs it. The Contract represents the legally binding [Agreement](#) and its terms. The Contractual Relationship represents the relationship among the participating Parties arising from or governed by that Contract.

One Contract may establish or govern more than one Contractual Relationship. More than one Contract may collectively govern the same Contractual Relationship.

For example, a master agreement, collateral agreement, amendment, and transaction confirmation may collectively govern different aspects of a relationship between the same Parties.

Definition

relationship among two or more [parties](#) established or governed by one or more [contracts](#)

Source

Adapted from:

- [Financial Industry Business Ontology, Contracts Ontology](#)
 - Relevant concepts include Contract, Contract Party, Contractual Commitment, and Contractual Element
2. [Financial Industry Business Ontology, Clients and Accounts Ontology](#)
 - FIBO uses contractual relationships to describe relationships among account providers, account holders, buyers, sellers, and other Parties
3. [OMG Commons Parties and Situations Ontology](#)
 - Relevant concepts include Situation, Party, Party Role, and relationships among Parties
4. [OMG Commons Ontology Library, Version 1.3](#)

The OMG Commons Parties and Situations Ontology represents a relatively stable relationship as a Situation having participating Parties and Roles. The expression *Contractual Relationship* specializes this pattern by requiring the relationship to be established or governed by one or more Contracts.

Note

- A Contractual Relationship must involve at least two Parties
- A Contractual Relationship must be established or governed by at least one Contract
- A Contractual Relationship is distinct from each Contract that establishes or governs it
- A Contractual Relationship is distinct from the documents providing Evidence of the governing Contracts
- A Party may perform more than one Role in the same Contractual Relationship
- The same Role may be performed by more than one Party when permitted by the governing Contract
- One Contract may govern more than one Contractual Relationship
- More than one Contract may govern the same Contractual Relationship
- A Contractual Relationship may continue while a governing Contract is amended
- A Contractual Relationship may have an Effective Period different from the Effective Period of a particular governing Contract
- Rights, Obligations, Permissions, Prohibitions, Responsibilities, and Commitments remain distinct within a Contractual Relationship
- The existence of a Contractual Relationship does not by itself determine whether a particular Contract or Agreement Term is valid or enforceable
- Changes to the Parties, Roles, governing Contracts, and Effective Periods must remain traceable

Example

Party A and Party B enter into a master Contract governing multiple foreign exchange transactions.

The Contract establishes a Contractual Relationship between Party A and Party B.

Within that Contractual Relationship, each Party performs specified Roles and holds Rights, Obligations, Permissions, Responsibilities, and Commitments established by the Contract and its Agreement Terms.

A later collateral agreement and Amendment also govern aspects of the Contractual Relationship. The master Contract, collateral agreement, and Amendment remain separate but related Contracts.

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