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NDA Checklist for Business Buyers

Use this checklist before you sign a non-disclosure agreement when buying a business in Canada. More guides at bizlistings.ca/blog.

Before you sign

- Confirm who the parties are — you personally, or your holding company?
- Check the definition of “confidential information” — is it limited to non-public information?
- Confirm the permitted purpose is evaluating this purchase only.
- Check that you can share information with your lawyer, accountant, and lender.
- Note the term: how long does confidentiality last after the process ends?
- Look for a return-or-destroy clause and make sure it is workable.

Clauses to read carefully

- Non-solicitation of employees, customers, or suppliers — how broad and how long?
- Non-compete or standstill language — could it block unrelated deals you are pursuing?
- Exclusivity — does signing lock you out of looking at competing businesses?
- Remedies and liquidated damages — is the exposure proportionate?
- Governing law and jurisdiction — which province?
- Personal guarantees — avoid signing personally if you can sign corporately.

What to ask for after signing

- Confidential information memorandum (CIM) or business summary.
- Three years of financial statements and tax returns.
- Year-to-date financials and a normalized SDE or EBITDA calculation.
- Customer concentration summary (no names required at this stage).
- Lease terms, licence and permit list, and staffing overview.
- Reason for sale and owner involvement in day-to-day operations.

Your obligations once signed

- Do not discuss the sale with staff, customers, or suppliers.
- Keep files in a restricted folder; do not forward to third parties.
- Use the information only to evaluate the purchase.
- Return or destroy materials if you walk away.

This checklist is general information, not legal advice. Have a qualified Canadian lawyer review any NDA before you sign.