16.201 General.

(a) Fixed-price types of contracts provide for a firm price or, in appropriate cases, an adjustable price. Fixed-price contracts providing for an adjustable price *may* include a ceiling price, a target price (including target cost), or both. Unless otherwise specified in the contract, the ceiling price or target price is subject to adjustment only by operation of *contract clauses* providing for equitable adjustment or other revision of the contract price under stated circumstances. The *contracting officer shall* use firm-fixed-price or fixed-price with economic price adjustment contracts when acquiring *commercial products* and *commercial services*, except as provided in 12.207(b).

(b) Time-and-materials contracts and labor-hour contracts are not fixed-price contracts.

Parent topic: Subpart 16.2 - Fixed-Price Contracts