16.206-3 Limitations.

This contract type *shall* not be used unless-

(a) The contract is for research and development and the estimated cost is the *simplified acquisition threshold* or less;

(b) The contractor’s accounting system is adequate for price redetermination;

(c) There is reasonable assurance that the price redetermination will take place promptly at the specified time; and

(d) The *head of the contracting activity* (or a higher-level official, if required by agency procedures) approves its use *in writing*.

Parent topic: 16.206 Fixed-ceiling-price contracts with retroactive price redetermination.