GUIDANCE NOTES FOR USE WIT DER AGREEMENT – NEW SHARE

This **Basic Shareholder Agreement** s the following clauses:

Parties:

Please complete the names of the ex investors. Adding the Company as a party is optional. If the Company is the shareholders can impose direct obligations on the Company. This ma rs as otherwise the shareholders can only try to procure something rather Company to give effect to something. The shareholders may also prefer to s or obligations on the Company that they would prefer not to appear in t which will be a public document, and appear in this agreement instead – a

The agreement allows for up to four s ors, however this is really an arbitrary figure. The agreement must have at hough it may have more and indeed maybe more than four. The drafting s ing on how many shareholders there are.

Note that the parties to a shareho ally be individuals or private limited companies (although they can also be ity, for example, partnerships, but this is less common). The parties may be ompanies or a combination of the two and often the principal parties will w the Company through a specifically created vehicle. Whoever the parties rafting of the contract, however more thought may need to be given to certa ple the transfer provisions if corporate entities are involved.

Background:

The background or recitals sets the gives the details of the Company's share capital as well as stating the ; namely to regulate the relationship between the parties as shareholders i rd.

Clauses

1. **Definitions and Interpretatio** nd which ones to include and exclude will depend upon which claus oderations are made to the agreement by customers whe xample, if warranties are not being given, the definition of, "Warra ed. Certain definitions will also need information inserted, for exam ry Shares. A definition of Data Protection Legislation has als ce with the General Data Protection Regulation 2018 – GDPR.

2. **Matters on completion**: If th e its Articles of Association, then Clause 2.3 should be retained in square brackets in the definition of "Articles" (at clause 1) and Sc e new Articles should be inserted into the Agreement at Schedu ns must be passed by a 75% majority of the shareholders and a cop filed at Companies House. If the Company wishes to keep its e e 2.3 should be deleted together with the wording in square bracket s" (at clause 1) and Schedule 2 itself. The numbering of the Schedu and must be corrected to be consistent.

   The directors of a private com f shares do not need shareholder authority to issue and allot sh ere is a restriction in the company's articles. On the assumption th in the articles and the company only has one class of shares, no re l to this agreement for the issue and allotment of shares. If this is r r resolutions are required, please

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see our sub-folder on the issu shares which can be accessed here.

If the shareholders are giving Clause 2.6 should be retained and the details should be complet

3. **Administration**: This is an o e used to specify the Company Secretary (if the Company ha ative details.

4. **Business of the Company**: e "business" of the Company is. This clause should be drafted care ate the nature and description of the business. As the non-compet restrictions on the parties in relation to the "Business", the definitio possible.

5. **Finance**: This clause deals w he Company. The shareholders are not under any obligation to pr mpany beyond their share subscription monies and the borrow any money it requires using a bank facility. If this is not pos ntures may be issued.

6. **Financial Information**: This lders to procure that the Company keeps adequate financial rec s to have access to the financial, accounting and other statutor

7. **Directors**: This clause sets o ement to appoint a director and how that director may be appointe lthough this clause is the default position, Clause 15 (Reserve rs collectively with a 75% majority to appoint or remove directors. rs collectively to retain ultimate control over the directors, if fo ves to be unreliable and needs replacing by the Company.

8. **Warranties**: These warrantie shareholders are individuals or companies. This provides a le shareholders that the agreement is binding on each of them. If a consider adding a warranty in relation to entering into this Agreemen constitutional documents. These warranties have been kept de extensive warranties to give the investors greater comfort, ple ent Agreement (CO.SI.01).

9. **Issue of Shares**: This clause lers pro rata pre-emption rights if the Company wishes to issue nev

10. **Transfer of Shares**: This clau e transfer of shares by shareholders. If a shareholder wishes to tra st offer them to the other shareholders who will then ha res pro rata to their shareholdings. The time periods should be s 2.2 and 10.2.3. There are optional provisions at sub-clauses 10. holder will be deemed to have served an automatic notice if into liquidation, administration or receivership; there is a stop o s if the shareholder breaches the Shareholder Agreement for a r if the shareholder is an employee of the Company and retires.

11. **Valuation of Shares**: This is uld only be used if clauses 10.4 and 10.5 are included. The clause valued by the Company's auditor or accountant if there is a deem ensure that the shares are transferred at a fair value.

12. **Shareholders' General Mee** the process for private companies to pass shareholder resolutions 006. This may either be by written resolution or by holding a sha ent that a shareholder's general meeting is held, the clause se dure under the Companies Act 2006. There is no requirement for p Annual General Meeting but many companies still choose to do s use 12.3 and clause 12.4 should be

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retained if AGMs will continue

13. **Company Communications** allows companies to communicate with its shareholders via elect each shareholder has consented. This clause places the shareh obligation to consent to receive communications electronically

14. **Management**: This clause st the affairs of the Company within the terms of its Annual Business siness Plan is referenced in this agreement, it is a separate do ut some of the things that the day to day management of the Com ple, holding board meetings, maintaining licences and cons laces an obligation on the management to take all neces data protection legislation. This obligation has been included General Data Protection Regulation.

15. **Reserved Matters**: This clau s that the shareholders may wish to prevent the Company doing a amage their interest in the Company. Some of the matters listed rec al of the shareholders and some require a 75% majority. The li a shareholders' agreement and may need adding to or adjusting d l company's requirements.

16. **Dividend Policy**: This clause ercentage of the Company's profits available for distribution in an vidends. The Company may distribute more if it so wishes ssured of at least some income.

17. **Non-Competition**: In order to t shareholders' agreements will put in place non-compete provisions es. The restrictions put in place relate to carrying on business in con seeking to solicit employees or customers of the Business. C ken as regards the duration and geographical area of the restr able and proportionate so as to ensure that it is enforceable. ictive may not be enforceable, negating the purpose of the c xtent, the parties should consider what is actually necessary to Company and the Business

18. **Duration**: Clauses 18, 19 and r. This clause states that the Agreement shall continue unt pany is wound up.

19. **Termination**: This clause set Agreement will terminate. This is stated to be when a resolution ders or creditors for its winding up, when a receiver, administrato is appointed or when there is only one shareholder remaining. It ation triggers.

20. **Winding Up**: This clause plac reholders to cooperate in a winding up.

21. **Confidentiality**: This clause ntial information.

22. **Observance and Conflict wi** provides that each party shall comply with the provisions of eement shall prevail over the Articles in the event of an inconsisten nts.

23. **Notices and Service**: This cl rding (know as "boilerplate") for the service of notices under the A uld be deleted if the Company is not a party to the Shareholder Ag

24. **No Partnership or Agency**: lause that prevents an agency or partnership relationship being

25. **Variation and Waiver**: Under ure to enforce a right can be viewed by the court as a waiver of tha ts that situation from occurring. The

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clause also states that any va l only be valid if it is in writing and signed by each party in order ing made that all parties may not have agreed to.

26. **Severance**: Another boilerpla e court striking out the whole Shareholder Agreement as in nvalid or unenforceable. The court will be able to strike out the v rties to follow the enforceable part (a practice known as the "blue p

27. **Entire Agreement**: A boilerpl t the Shareholder Agreement supersedes any prior agreem d prevents them from relying on any statements or other evidence older Agreement.

28. **Non-Assignment**: A boilerpla rties from assigning, mortgaging or charging their rights under the xcept where they are permitted to do so under the terms of the Sha

29. **Further Assurance**: A boiler es under an obligation to do everything required to fulfil the

30. **Costs**: This is an either/or cla hould be deleted. The clause **either** requires the Company to pay ociated costs of drawing up the Shareholder Agreement, **or** it Agreement to pay for their own costs and expenses.

31. **Applicable Law and Jurisdi** hat states that the Shareholder Agreement will be governed b option for the English courts to have either exclusive or non-exclus putes under the Shareholder Agreement. If non-exclusive this opens up the possibility of a court in another country hearing the law, which may be a costly and time-consuming process.

Schedule 1:

Investment – The names of the invest or which they are subscribing and the amount they are paying for those sha e.

Schedule 2:

Special Resolution – If the Company of Association, then the resolution in Schedule 2 should be passed by a 75

Schedule 3:

Loans – Any agreed terms about Lo his Schedule. The Schedule can be deleted if no loans are to be given.

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(1) << A >>

(2) << B >>

(3) << C >>

(4) << D >>

(5 >>

(6 >>

(7 >>

(8 >>

[(9) < e >>]

SHA ENT

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THIS AGREEMENT is made the <[illegible]h >> << year >>

BETWEEN:

(1) <<Name of Shareholder>>[illegible]s address>> ("Shareholder A");

(2) <<Name of Shareholder>>[illegible]s address>> ("Shareholder B");

(3) <<Name of Shareholder>>[illegible]s address>> ("Shareholder C");

(4) <<Name of Shareholder>>[illegible]er's address>> ("Shareholder D") (collectively the "Existing S[illegible]

(5) Those persons listed in Co[illegible]f this Agreement (the "Investors"); and

(6) **[**<<Name of Company>>[illegible]orated in <<Insert Country of incorporation>> under No. [illegible]ber>> whose registered office is at <<Insert Registered office [illegible]pany").**]**

BACKGROUND:

A. At all material times the Co[illegible]d company and at the date of this Agreement has an issued [illegible]unt >>, divided into << number >> of ordinary shares of £<< a[illegible]

B. At all material times the E[illegible] the sole registered and beneficial holders of the following nu[illegible]mpany issued as fully paid:

Shareholder A: [illegible]ares owned>>;

Shareholder B: [illegible]ares owned>>;

Shareholder C: [illegible]ares owned>>; and

Shareholder D: [illegible]ares owned>>.

The Existing Shareholder[illegible]irs of the Company and are all Directors.

C. The Investors wish to sub[illegible] Company and the parties to this Agreement wish to regula[illegible]emselves and the affairs of the Company going forward on[illegible] the conditions of this Agreement.

IT IS AGREED as follows:

1. **Definitions and Interpreta[illegible]**

1.1 In this Agreement, u[illegible]ise requires:

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"Annual Business Plan" d by the directors of the Company, Financial Year of the Company, ed objectives of the Business, ojections and an operating budget

"Articles" Association of the Company **[**in edule 2 hereto**]** and the same as time to time;

"Auditors" s constituted from time to time) of e are appointed, the accountants from time to time;

"Board" irectors (as constituted from time y;

"Board Meetings" of all or the required quorum of ny;

"Business" the Company as set out in Clause

"Business Day" than Saturday and Sunday) which blic holiday, on which ordinary pen for **[**their full range of normal**]** >>;

"Business Hours" ss hours of Company>>;

"Clear Days" d of notice, means, that period n the notice is given or deemed to r which it is given or on which it is

"Completion" completion of this Agreement by Agreement in accordance with

"Confidential Information" ach party to this Agreement ("the ation which is disclosed to that ("the Informant") pursuant to or in Agreement, whether orally or in dium, and whether the information e confidential or marked as such, formation shall not include any e public domain other than by the tiality obligations contained in this

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[“Data Protection Legislation” until the General Data Protection n (EU) 2016/679) (“GDPR”) is no ble in the UK, the GDPR and any laws, regulations, and secondary d from time to time) in the UK and legislation which succeeds the

“Directors” Company for the time being;

“Financial Year” ar of the company determined in n 390 of the Companies Act 2006;

“Intellectual Property”

marks, service marks, registered ations and rights to apply for any s, trade, business and company et domain names and e-mail egistered trademarks and service hts, database rights, know-how, s and inventions;

ences, consents, orders, statutes relation to a right in paragraph (a);

me or similar effect or nature as or agraphs (a) and (b) which now or y subsist; and

e for past infringements of any of ghts;

“Intellectual Property Rights” Property owned, used or required pany;

“Ordinary Shares” s of £<<Insert value of a share>> e Company, issued as fully paid;

“Reserved Matters” rred to in Clause 15;

“Shares” s;

“Shareholders” areholders, the Investors and any y may transfer their respective e Articles and this Agreement and an any one of them;

“Share Transfer Provisions” s of the Articles relating to the nd expressions defined in those me meaning in this Agreement;

“Warranties” set out in Clause 8;

"Year" 365 (or in the case of a leap year, n <<Date of Agreement>> and any te during the continuance of this " has the corresponding meaning.

1.2 Unless the context reference in this Agreement to:

1.2.1 "writing", sion, includes a reference to any communi facsimile transmission, email or similar m

1.2.2 a statute te is a reference to that statute or provision ed at the relevant time;

1.2.3 "this Agre greement or document referred to in this Ag reement or such other agreement or docu ied, supplemented, modified or novated f udes the Schedules; and

1.2.4 Clauses a nces to Clauses and Schedules of and to references to Sub-clauses and Paragrap stated, references to Sub-clauses or Parag Schedules in which the reference appears.

1.3 In this Agreement:

1.3.1 all agree y of the parties to the Agreement which co erson or entity shall be joint and several;

1.3.2 any refer des a reference to their respective personal successors in title and permitted assignee

1.3.3 any refe includes any body corporate, unincorpo ership or any other legal entity;

1.3.4 words im de the plural and vice versa; and

1.3.5 words im e any other gender.

1.4 The headings in thi venience only and shall not affect its interpretation.

2. **Matters on Completion**

2.1 Immediately followi greement the parties shall comply with their respective

2.2 Completion shall ta of the Company or at such other place as the parties

2.3 **[**The parties shall meeting of the Company is duly convened and held set out in Schedule 2 is proposed and passed.**]**

SAMPLE

2.4 Each of the Invest the number of Ordinary Shares shown opposite his Schedule 1 **[**(which includes the subscriber's share h the amount shown in Column (3), such Shares to be ue price of £<< amount (including any premium) >> pe

2.5 Subject to receipt ion monies by the Company, the Board shall allot an res subscribed for.

2.6 **[**Each of the Sharel the Company the amounts shown opposite their resp le 3 as loans which shall comply with the provisions

3. **[Administration**

Unless otherwise agreed b

3.1 **[**the secretary of the ame >>;**]**

3.2 the registered office e << Address >>;

3.3 the Auditors of the me of auditors >>;

3.4 the accounting refe pany shall be << date >> in each Year; and

3.5 the Company's ban bankers >>.**]**

4. **Business of the Company**

4.1 The business of t rt nature and description of the business>>, subjec to time in accordance with the provisions of this Ag

4.2 Each of the Shareh e another that they will at all times act in good faith in r Shareholders and the Company in relation to all mat reement and that they will use [all] reasonable endeav evelop the Business and to co-operate with the c e running and operation of the Company.

5. **Finance**

5.1 No Shareholder sha e for any shares or to provide any further funding to th e Shares agreed to be subscribed for or funding agree f this Agreement.

5.2 Any further funding pany shall, as far as reasonably practicable, be sati e sources, such as a bank loan. Such bank loan or l be on the most favourable terms obtainable but on s shall be agreed in writing in advance by all the S

5.3 To the extent tha possible or available on terms acceptable to all th ay be advanced to the Company by any Shareholder the form of a term loan under the terms and condition

5.4 If any finance requ to be raised by the issue of loan

SAMPLE

notes or by debent and/or debenture shall be offered to the Shareholders holdings from time to time.

5.5 Any guarantees or e Shareholders in respect of the obligations of the oan shall be given by all the Shareholders on a j

5.6 Any cash and surpl me held by the Company shall be placed on deposit a ble and with institutions approved by the Board.

6. **Financial Information**

The Shareholders shall pro

6.1 maintains adequate and other records relating to the conduct of its Busi the requirements of all applicable laws and generally ciples; and

6.2 permits all Director he financial, accounting and other statutory records o asonable notice during Business Hours.

7. **Directors**

7.1 Each Shareholder s o long as he/she continues to hold not less than a mi s in the Company, being <<Insert Number>>, represe e Company's total issued Ordinary Shares,] to appoint r to sit on the Board.

7.2 Each Shareholder or any other person that he/she wants to be his/he ove this Director at any time and appoint another per

7.3 Each Shareholder n Director by notifying the Company in writing at the C fice. Each Shareholder does not require the Board's ment or removal of a Director. The appointment or re he date on which the notice is received by the Co s given in the notice, on that date.

7.4 [If a Shareholder's ompany falls below the required minimum percentag Shareholder shall procure that its Director immediatel sition as a Director.]

8. **Warranties**[1]

Each Shareholder warrants rs that:

8.1 it has the required p ter into this Agreement;

8.2 it has the required fully perform its obligations and exercise its rights u

8.3 this Agreement is le it.

Each of these Warranties endent and except as expressly otherwise provided in this limited by reference to any other warranty or anything in this

[1] These warranties can be given whether the companies. This provides a level of comfort to other shareholders that the agreement is bindi er is a company, consider adding a warranty in relation to entering into this Agreement not be documents. These warranties have been kept deliberately limited. For more extensive warra er comfort, please see our Share Investment Agreement (CO.SI.01).

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9. **Issue of Shares**

9.1 If the Company wis Shares **[**for cash**]** the parties shall procure that the Co e to each Shareholder stating the number of Shares t ce per Share to be subscribed for (the "Company's No

9.2 Each Shareholder s not the obligation to subscribe at the price set forth i for that proportion of the Shares proposed to be issu f Shares held by him bears to the total issued share c mpany gives its notice. This option may be exercised b y given at any time within <<Insert number of days>> mpany's Notice accompanied by payment in full for th ed for.

9.3 Any Shares referr 's Notice with respect to which Shareholders do no may be issued by the Company in the manner stated e provided such sale is completed within <<Insert num er the expiry of the option period specified in Sub-Cla

10. **Transfer of Shares**

10.1 No Shareholder sha e, charge, encumber or otherwise dispose of any Sha in except in accordance with the provisions of this Cl

10.2 A Shareholder may y other person provided that:

10.2.1 the trans dance with the Share Transfer Provision

10.2.2 the Selle itten offer ("the Seller's Notice") stating hi ansfer, the consideration price per share and of the proposed transferee to all of the rema shall have the irrevocable and exclusive tion to purchase that proportion of the Share erred which the number of Shares held by h sued share capital at the time the Seller's N consideration per share and upon the terms er's Notice. This option may be exercised given at any time within <<Insert number o the Seller's Notice accompanied by payme be taken up;

10.2.3 any Shar ler's Notice with respect to which the rema ot exercise their options may be transferre anner stated in the Seller's Notice provided within <<Insert number of days>> days afte n period specified in Sub-Clause 10.2.2 ab

10.2.4 except in from one Shareholder to another, the propo cuted a deed of adherence to this Agreeme transferee agrees to be bound by all the ap s Agreement as if he were a party hereto.

10.3 The Board shall app transfer of Shares which complies with the provisions decline to approve for registration

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any other transfer o

10.4 **[**In the event of any ferred to in Sub-clause 10.5 below occurring in relatio Shareholder shall be deemed to have given (and the ll be deemed to have received) a Seller's Notice in du eding such event in respect of the Shares held by him s shall have the irrevocable option but not the obligatio of the offered Shares for the price per share determin Clause 11 below, terms to be for cash against deliver r and relative certificate**[**s**]**.

10.5 The circumstances 4 above are:

10.5.1 If, being der owning equal to or more than 50% of th are capital at that time, goes into liquidatio or voluntary (except for the purposes ruction or amalgamation with the consent olders, such consent not to be unreason as an administrator, receiver, administr er appointed over any part of its assets or

10.5.2 **[**if, being older dies;**]**

10.5.3 in the eve g made against the Shares in the Company r;

10.5.4 if any Sh **[**material**]** breach of any of his obligation and fails to remedy such a breach (if capabl Insert number of days e.g. 30>> days afte e other Shareholders so to do;

10.5.5 if any Sha employee of the Company retires from his p

11. **[Valuation of Shares**

The sale and purchase pr sferred under Clause 10.4 above shall be such sum as the A e, in their opinion, the fair value of such Shares as between willing seller, contracting at arm's length terms as at the date such option but without taking into account that such Shares r est in the Company.**]**

12. **Shareholders' General M**

12.1 The Shareholders ther by written resolution or at a Shareholders' gene

12.2 At a general meeti eholders shall be determined by a show of hands of sent and entitled to vote on the resolution, unless a poll vote may be demanded by:

12.2.1 the chairm from time to time;

12.2.2 at least tw to vote on the resolution;

12.2.3 Sharehol an one tenth of the share capital carrying or substantially all Shareholder resolution

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12.3 Shareholder meeti such time or times as may be required or as req irectors or Shareholders. Unless otherwise agreed i eholders, at least 14 Clear Days' notice in writing sh hareholders entitled to attend and vote at a general m rs. Such notice shall specify in as great a detail as is to be considered at the meeting. **[**This provision is su below.[2]

12.4 The Company shal meeting yearly and in any event not more than 15 m en the date of one annual general meeting of the Co next. Unless otherwise agreed in writing by all the S Clear Days' notice in writing shall be given to all the o attend and vote at the annual general meeting. Su as great a detail as is practicable the business to be g.**]**

12.5 The quorum neces eral meeting shall be as set out in section 318 Comp orum is not present within thirty minutes of the tim al meeting, the meeting shall be adjourned to the s n the seventh day following the original meeting. If g a quorum is not present within thirty minutes from e meeting the adjourned meeting shall be dissolved.

13. **Company Communicatio**

13.1 The Shareholders to the use by the Company of electronic communi ating with the Shareholders, such use to be at the sole any.

14. **Management**

14.1 The Board shall day to day administration and management of the y within the terms of the Annual Business Plan.

14.2 [This shall include:

a) promoting the Busi wth and development;

b) holding Board Meet quence, e.g once a month>>, with at least <<10>> Bu ch notice shall include an agenda and meeting papers

c) obtaining and mai d effect all necessary approvals, consents and licen on the Business;

d) obtaining and mai asonably required for carrying on the Business;

e) maintaining and pr operty Rights required for carrying on the Business; a

f) taking all necessar ta Protection Legislation.]

[2] Note that private limited companies are not r 06 to hold Annual General Meetings. Many will still choose to hold an AGM and this is what thi

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15. **Reserved Matters**[3]

15.1 The Shareholders s s contemplated by this Agreement the Company shall ing an unanimous resolution at a Shareholders' gene the prior written consent of all of the Shareholders:

15.1.1 alter its **[**M of Association;

15.1.2 alter any the Shares;

15.1.3 subject to any resolution for the winding up or liquidat

15.1.4 pass any egistration of the Company as a public co

15.1.5 alter the C stered office;

15.1.6 create or rtgage or charge (whether fixed or floating) ver the whole or any part of its assets;

15.1.7 lend, adv arantee the indebtedness of any person, fi

15.1.8 change t its business or undertake any business siness;

15.1.9 instigate pect of the debts owing to it in the ordinary

15.1.10 have any period other than a period of 12 month f the end of any accounting period any date rrent date for end of accounting period>>.

15.2 The Shareholders s s contemplated by this Agreement, the Company shall ng a special resolution approving the action at a gene the prior written consent of 75% of the holders of share than 75% of the total voting rights of eligible Sharehol

15.2.1 [subject ause 7,] appoint or remove any Director;

15.2.2 other tha of business transfer or otherwise dispose fer or disposition of the whole or any subs s or undertaking of the Company whether b eries of transactions;

15.2.3 acquire a dertaking or enter into any material long term tal commitment or investment with a value t amount>> save in respect of machiner easonably required in the ordinary course o ompany **[**in respect of which the Sharehol greed policy**]**;

15.2.4 purchase lease or tenancy or otherwise acquire o perty or any estate or interest;

[3] There may be other matters that the Shareho andard list that may be added to depending on each company's individual requirements.

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15.2.5 engage a ee or consultant or agent for a remunera <Insert amount>> per annum or increase more than £<<Insert amount>> per annum th e to any of its directors, officers, employee s;

15.2.6 acquire o s, debentures, debenture stock or other sec any;

15.2.7 allow the unts borrowed and raised by the Company ount>>; and

15.2.8 in respect d of the Company pay or distribute any amou n any capacity by way of dividend, bonus or ilar kind.

16. **Dividend Policy**

A minimum of <<Insert p istributable profits (as defined in Section 736 of the Compa ompany in each Financial Year of the Company derived from the Company for such period and lawfully available for di istributed as dividends to the Shareholders. Such distrib an <<Insert number of months e.g. 3>> months after delivery to the Directors for approval and the Shareholders shall exe ts and powers as members of the Company to procure that th

17. **Non-Competition**

17.1 No Shareholder sha written consent of the Board, for so long as he/she is a <Insert number of months>>[4] after the party in questio lder:

17.2 carry on or be emp ested in any business in <<Insert geographical area> competition with any part of the Business;

17.3 except as an auth the Company, deal or seek the custom of any pers he previous 12 months, a client or customer of the Co

17.4 offer employment t for the services of, or attempt to solicit or entice aw y individual who is at the time of the offer, or attempt ployee of the Company or procure or facilitate the mak pt by any other person; and

17.5 solicit or endeavou the Company any supplier who supplies, or has su s 12 months goods or services to the Company.

17.6 The undertakings i y each Shareholder to each other Shareholder and to ly to actions carried out by each Shareholder in an er directly or indirectly, on the

[4] The restrictions regarding duration and geogr and proportionate so as to ensure that they are enforceable. Provisions that are too restrictive the purpose of the clause. In determining their extent, the parties should consider what is actu will of the Company and its business.
[5] Again this must be reasonable and proportion

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Shareholder's own y other person or jointly with any other person.

17.7 Each of the underta onsidered by the parties to be fair and reasonable.

17.8 Each of the unde a separate undertaking and is enforceable separa of any other undertaking. If any undertaking is foun ut would be valid if part of it was deleted or the perio reduced, the restriction shall apply with such modificati y to make it valid and enforceable.

17.9 Each of the under for the purpose of providing the Company and all th on-going benefit and protection of the Business's good

18. **Duration**

This Agreement shall con effect and shall bind each of the Shareholders for so long a beneficial owner and/or registered member in respect of a npany or until this Agreement's termination or the Compan below.

19. **Termination**

19.1 Subject to Clause 1 terminate:

a) when a reso Shareholders or creditors of the Company, o court or other competent body or person insti hall lead to the Company being wound up a stributed among the Company's Shareholder

b) on the app , administrator or administrative receiver ove f the assets of the Company or the making of a creditors of the Company for the affairs, busi e Company to be managed by a supervisor; o

c) when, as a res made in accordance with this Agreement e person remains as legal and beneficial ho

d) [list any othe

19.2 On termination of lowing Clauses shall continue in force:

a) Clause 1 (De on);

b) Clause 17 (N

c) this clause;

d) Clause 21 (C

e) Clause 23 (N

f) Clause 24 (N);

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g) Clause 25 (V

h) Clause 26 (S

i) Clause 27 (E

j) Clause 30 (G

k) Clause 31 (A diction); and

l) [OTHERS].

19.3 Termination of this ct the rights, remedies, obligations or liabilities of any of t rued up to the date of termination, including the right to c t of any breach of the Agreement which existed at or bef n.

20. **Winding Up**

20.1 If in accordance wit n to wind up the Company arises, the Shareholders s ll necessary steps to secure the timely winding up o reholders shall cast all necessary votes at a general ny and shall cause the Directors nominated by them es at a Board Meeting to approve the winding up of n to any other steps which are required to secure t npany.

20.2 The Shareholders liquidator is a properly licensed insolvency practitio reholders. If the Shareholders are unable to come to pany's Auditors shall appoint the liquidator.

20.3 In order to recover t ay be available from the Company in its winding up, l prove to the maximum extent permitted by law, a ll due to them from the Company and in doing so ma ny right of set-off or other act or mechanism that ma

21. **Confidentiality**

21.1 In relation to Con e Recipient undertakes with the Informant that exce g by the Informant, he or she shall, at all times during t greement and within <<Insert time period e.g. 5 years>

21.1.1 use his o keep confidential all Confidential Informatio

21.1.2 not disclo mation to any other person except its curre ees, bankers, lenders, partners, accounta fessional advisers, in each case only wh entities are under appropriate confiden y person, body or entity to whom any party e Confidential Information by law;

21.1.3 not use a on for any purpose otherwise than as conte the terms of this Agreement;

SAMPLE

21.1.4 not make [illegible] any way or part with possession of any Co[illegible]d

21.1.5 ensure th[illegible] agents or advisors does any act which, if [illegible] be in breach of the provisions of Sub-claus[illegible]e.

21.2 The provisions of th[illegible]nue in force in accordance with its terms, notwithstand[illegible]s Agreement for any reason.

22. **Observance and Conflict**

22.1 Each party shall co[illegible] with the provisions of the Articles and each and eve[illegible]les is enforceable by the parties between themselve[illegible]ny such provision might not have been so enforceabl[illegible]

22.2 Insofar as any pro[illegible]nflicts with any provisions of this Agreement, the pro[illegible]t shall prevail. If any Shareholder shall so require, the[illegible]cure that the Articles are amended to agree with the pr[illegible]

23. **Notices and Service**

23.1 All notices to be giv[illegible] shall be in writing and shall either be delivered person[illegible] or airmail prepaid post or by telex, cable, facsimile tran[illegible]all be deemed duly served:

23.1.1 in the cas[illegible]ersonally, at the time of delivery;

23.1.2 in the cas[illegible] by first class prepaid post, 2 Clear Business [illegible]spatch;

23.1.3 in the cas[illegible]seas by airmail, 7 Business Days (being Bu[illegible] to which the notice is dispatched) after the [illegible]

23.1.4 in the cas[illegible]mile transmission or email, if sent during no[illegible]en at the time of transmission and if sent ou[illegible] Hours then on the next following Business [illegible]case) that a confirmatory copy is sent by fi[illegible]r by hand by the end of the next Business [illegible]

23.2 Any notice to a Sha[illegible] the address of such Shareholder as set forth in the [illegible]or to such other address as such Shareholder may ha[illegible] to this Clause.

23.3 **[**Any notice to the [illegible]t to the registered offices of the Company or to suc[illegible] Company may have designated pursuant to this Cla[illegible]

24. **No Partnership or Agenc[illegible]**

24.1 This Agreement sh[illegible]as to create a partnership or joint venture between an[illegible]

SAMPLE

24.2 Nothing in the Agre ed so as to constitute any of the parties the agent of

25. **Variation and Waiver**

25.1 No variation of this fective unless it is in writing and signed by or on beh ime being.

25.2 A waiver of any ri his Agreement or by law is only effective if it is give by the party waiving such right or remedy. Any such o the circumstances for which it is given and shall not ny subsequent breach or default.

25.3 A failure or delay by ny right or remedy provided under this Agreement or b a waiver of that or any other right or remedy, nor sha ny further exercise of that or any other right or remed

25.4 No single or partia or remedy provided under this Agreement or by law the further exercise of that or any other right or remed

25.5 A person that waive vided under this Agreement or by law in relation to or ils to take any action against that person, does not aff in relation to any other person.

26. **Severance**

26.1 If any provision of by any court or other competent authority to be inva whole or in part, this Agreement shall continue to be ovisions and the remainder of the affected provision.

27. **Entire Agreement**

27.1 This Agreement c ement between the parties and supersedes and r agreements and understandings between the parties

27.2 Each party acknowl to this Agreement, it is not relying on any representati ctual statement or other provision except as expressly ent.

27.3 Without limiting the ing, neither party shall have any remedy in respect made to him upon which he may have relied in ente and a party's only remedy is for breach of contract. s Agreement purports to exclude liability for any fraud

28. **Non – Assignment**

28.1 This Agreement is s and neither party may assign, mortgage, **[**or**]** char ating charge) **[**or sub-license**]** any of its rights hereu r otherwise delegate any of its

SAMPLE

obligations hereund with the terms of this Agreement.

29. **Further Assurance**

29.1 Each party shall f during the continuance of this Agreement and aft such acts and execute all such documents as may ary in order to give effect to the provisions of this Ag

30. **Costs**

EITHER

The costs and expenses (i gal and accountancy expenses) of the preparation, negotiati this Agreement and associated documentation shall be bor

OR

Except as expressly provi nt, each party shall pay their own costs and expenses incu the preparation, negotiation and execution of this Agreemen entation.

31. **Applicable Law and Juris**

31.1 This Agreement sh construed in accordance with the laws of England and

31.2 The parties agree ive**]** **[**non-exclusive**]** jurisdiction of the courts of Englar

IN WITNESS WHEREOF this Ag executed the day and year first before written

SIGNED by

<<Name of Shareholder A>>

SIGNED by

<<Name of Shareholder B>>

SIGNED by

<<Name of Shareholder C>>

SIGNED by

SAMPLE

<<Name of Shareholder D>>

SIGNED by

<< Name of Investor >>

SIGNED by

<< Name of Investor >>

SIGNED by

<< Name of Investor >>

SIGNED by

<< Name of Investor >>

[SIGNED by

<<Insert name of person signing fo
for and on behalf of <<Insert Com

SAMPLE

(1) Name of Investor	(3) Amount Paid £
<< >>	<< >>
<< >>	<< >>
<< >>	<< >>
<< >>	<< >>
Total:	•

SAMPLE

1. That the articles of associa d be adopted in substitution for the existing articles of associa

SAMPLE

Name of Sharehol	Amount of Loan £
<< >>	<< >>
<< >>	<< >>
<< >>	<< >>
<< >>	<< >>

<<Insert terms and conditions for l his Agreement>>

SAMPLE