

This **Basic Shareholder Agreement**

contains the following clauses:

Parties:

Please complete the names of the existing shareholders. If the Company is a party to the agreement, it can impose direct obligations on the shareholders. This may be useful for shareholders who can only try to procure something rather than actually require the Company to do something. The shareholders may also prefer to impose certain restrictions on the Company that they would prefer not to appear in the Company's articles of association or public document, and appear in this agreement instead – a private document.

Including the Company as a party is optional. It can impose direct obligations on the shareholders. This may be useful for shareholders who can only try to procure something. The shareholders may also prefer to impose certain restrictions on the Company that they would prefer not to appear in the Company's articles of association or public document, and appear in this agreement instead – a private document.

The agreement allows for up to four shareholders. The agreement must have at least two shareholders and more than four. The drafting should be based on the assumption that each shareholder will have an equal share. However, this may not be the case. The template makes an assumption of equal shareholdings, one share per shareholder, but a different proportion may be more appropriate.

This is really an arbitrary figure. The agreement allows for up to four shareholders. The agreement must have at least two shareholders and more than four. The drafting should be based on the assumption that each shareholder will have an equal share. However, this may not be the case. The template makes an assumption of equal shareholdings, one share per shareholder, but a different proportion may be more appropriate.

Note that the parties to a shareholder agreement can be individuals or private limited companies (although they can also be corporate entities, but this is less common). The parties may be two and often the principal parties will be the founders of the company or a specifically created vehicle. Whoever the parties are, it is important to give thought to the provisions that will be given to the shareholders if corporate entities are involved.

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Background:

The background or recitals sets the context for the agreement, including the share capital as well as stating the relationship between the parties as shareholders.

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Clauses

- Definitions and Interpretation:** This clause sets out which definitions to include and which ones to exclude will depend upon whether moderations are made to the agreement by customers when given, the definition of, "Warranties" information inserted, for example, in the Data Protection Legislation has also been included in the Regulation 2018 – GDPR.
- Administration:** This is an optional clause. The Secretary (if the Company has one) and the directors may also be added.
- Business of the Company:** This clause should be drafted carefully to describe the nature and description of the business. As the non-competition restrictions on the parties in relation to the "Business", the definition of the "Business" should be as broad as possible.
- Finance:** This clause deals with the Company's borrowing. The shareholders are not under any obligation to provide subscription monies and the Company can borrow any money it requires using a

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This clause deals with the Company's borrowing. The shareholders are not under any obligation to provide subscription monies and the Company can borrow any money it requires using a

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bank facility. If this is not possible, the Company may be issued.

5. **Financial Information:** This clause requires the Company to keep adequate financial records, including accounting and other statutory records, and to provide access to the financial records to the shareholders.

holders to procure that the Company provides access to the financial records.

6. **Directors:** This clause sets out the powers of the directors and how that director may be appointed or removed. Clause 14 (Reserve Powers) sets out how the shareholders collectively with a 75% majority to appoint or remove directors.

ment to appoint a director and how that director may be appointed or removed. Although this clause is the default, the shareholders collectively with a 75% majority to appoint or remove directors.

7. **Warranties:** These warranties are provided by the shareholders if they are individuals or companies. This provides a legal binding on each of them. If a shareholder is a company, it is binding to entering into this Agreement.

shareholders are individuals or companies. This provides a legal binding on each of them. If a shareholder is a company, it is binding to entering into this Agreement.

8. **Issue of Shares:** This clause sets out the Company's policy on issuing new shares. The Company wishes to issue new shares.

holders pro rata pre-emption rights if the Company wishes to issue new shares.

9. **Transfer of Shares:** This clause sets out the process for the transfer of shares by shareholders. If a shareholder wishes to transfer their shares, they must first offer them to the other shareholders who will then have the right to purchase them pro rata to their shareholdings. The time periods should be specified in the clause. There are optional provisions at sub-clauses 9.4 and 9.5. Clause 9.4 provides for an automatic notice if it is a company in receivership; there is a stop clause if the shareholder breaches the Shareholder Agreement for a period of 12 months. Clause 9.5 provides for the shareholder to be an employee of the Company and retires.

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10. **Valuation of Shares:** This clause sets out how the shares should be valued. This clause should only be used if clauses 9.4 and 9.5 are included. The clause requires the shares to be valued by the Company's auditor or accountant if there is a deemed transfer of shares at a fair value.

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11. **Shareholders' General Meeting:** This clause sets out the process for private companies to pass shareholder resolutions. This may be by written resolution or by holding a shareholder meeting. If a shareholder meeting is held, the clause sets out the requirements for the meeting. There is no requirement for private companies still choose to do so. The clause sets out the requirements for AGMs will continue to be retained.

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12. **Company Communications:** This clause allows companies to communicate with its shareholders via electronic means. This clause places the shareholder's obligation to consent to receive communications electronically.

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13. **Management:** This clause sets out the terms of its Annual Business Meeting. If it is a separate document, it is a separate document. It sets out the day management of the Company, including maintaining licences and contracts. It places an obligation on the management to take all necessary steps to ensure the Company's obligation has been included.

the affairs of the Company within the terms of its Annual Business Meeting. If it is a separate document, it is a separate document. It sets out some of the things that the day to day management of the Company, including holding board meetings, contracts, and data protection legislation. This clause places an obligation on the management to take all necessary steps to ensure the Company's obligation has been included.

14. **Reserved Matters:** This clause sets out the matters that the shareholders may wish to prevent the Company doing and which require the approval of the shareholders. Some of the matters are reserved matters and some require a 75% majority approval and may need additional approval.

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- requirements.
15. **Dividend Policy:** This clause is available for distribution in an amount available for distribution in an amount that the Company may distribute more if it so wishes.
 16. **Non-Competition:** In order to place non-compete provisions on the Company to carrying on business in connection with the Business. Of the geographical area of the restriction to ensure that it is enforceable. The restriction negating the purpose of the clause is what is actually necessary to protect the Company and the Business.
 17. **Duration:** Clauses 17, 18 and 19. This clause states that the Shareholder Agreement shall continue until the Company is wound up.
 18. **Termination:** This clause sets out when the Agreement will terminate. This is stated to be when a resolution is passed by the shareholders or creditors for its winding up, when a receiver, administrator or liquidator is appointed or when there is only one shareholder remaining. It is also stated that the Agreement will terminate if the Company is wound up.
 19. **Winding Up:** This clause places obligations on the shareholders to cooperate in a winding up.
 20. **Confidentiality:** This clause requires the parties to keep confidential information.
 21. **Observance and Conflict with Law:** This clause provides that each party shall observe the law and the Shareholder Agreement shall prevail over the other documents.
 22. **Notices and Service:** This clause sets out the service of notices under the Agreement. It is stated that the Agreement could be deleted if the Company is not a party to the Shareholder Agreement.
 23. **No Partnership or Agency:** This clause prevents a partnership relationship being formed between the parties.
 24. **Variation and Waiver:** Under this clause a variation of the Agreement by the court as a waiver of the Agreement. The clause also states that any variation must be signed by each party in order to be valid. It is stated that the parties have agreed to this.
 25. **Severance:** Another boilerplate clause is the court striking out the whole of the Shareholder Agreement as invalid or unenforceable. The court will be able to strike out the whole of the Agreement or the practice known as the "blue pencil test". The court will follow the enforceable part (a) of the Agreement.
 26. **Entire Agreement:** A boilerplate clause that states that the Shareholder Agreement supersedes any prior agreements and prevents them from relying on any other statements or other evidence.
 27. **Non-Assignment:** A boilerplate clause that prevents the parties from assigning, mortgaging or charging their rights under the Agreement except where they are permitted to do so under the terms of the Shareholder Agreement.
 28. **Further Assurance:** A boilerplate clause that states that the parties are under an obligation to do everything required to fulfil the obligations under the Shareholder Agreement.

percentage of the Company's profits as dividends. The Company may be assured of at least some income.

that shareholders' agreements will put in place. The restrictions put in place relate to the Company seeking to solicit employees or customers. It is taken as regards the duration and geographical area of the restriction to be reasonable and proportionate so as to ensure that it is enforceable. The restriction negating the purpose of the clause is what is actually necessary to protect the Company and the Business.

er. This clause states that the Company is wound up.

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shareholders to cooperate in a winding up.

ntial information.

e provides that each party shall observe the law and the Shareholder Agreement shall prevail over the other documents.

rding (know as "boilerplate") for the Agreement. It is stated that the Agreement could be deleted if the Company is not a party to the Shareholder Agreement.

clause that prevents an agency or partnership relationship being formed between the parties.

ure to enforce a right can be viewed as a variation of the Agreement. The clause also states that any variation must be signed by each party in order to be valid. It is stated that the parties have agreed to this.

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parties from assigning, mortgaging or charging their rights under the Agreement except where they are permitted to do so under the terms of the Shareholder Agreement.

ies under an obligation to do everything required to fulfil the obligations under the Shareholder Agreement.

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29. **Costs:** This is an either/or clause that requires the Company to pay the costs of drawing up the Shareholder Agreement, or it requires the Shareholders to pay their own costs and expenses.

should be deleted. The clause **either** requires the Company to pay the associated costs of drawing up the Shareholder Agreement to pay for their own costs

30. **Applicable Law and Jurisdiction:** The Shareholder Agreement will be governed by the law of England and Wales, either exclusive or non-exclusive jurisdiction. If non-exclusive jurisdiction is chosen, the court in another country hearing the dispute is a costly and time-consuming process.

that states that the Shareholder Agreement will be governed by the law of England and Wales, with the option for the English courts to have jurisdiction. If non-exclusive jurisdiction is chosen, this opens up the possibility of a court in another country hearing the dispute under the Shareholder Agreement, which may be a costly and time-consuming process.

Schedule 1:

This Schedule sets out a table that shows the names of the shareholders, their address, the class of shares held, the number of shares held and their respective proportion.

shareholder, their address, the class of shares held and their respective proportion.

Schedule 2:

Any agreed terms about any shareholding can be deleted if no loans are to be granted.

provided in this Schedule. The Schedule can be deleted if no loans are to be granted.

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(1) < A >>

(2) < B >>

(3) < C >>

(4) < D >>

[(5) < e >>]

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SHAREHOLDERS STATEMENT

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THIS AGREEMENT is made the << Day >> << Month >> << Year >>

BETWEEN:

- (1) <<Name of Shareholder>> <<Address>> (“Shareholder A”);
- (2) <<Name of Shareholder>> <<Address>> (“Shareholder B”);
- (3) <<Name of Shareholder>> <<Address>> (“Shareholder C”);
- (4) <<Name of Shareholder>> <<Address>> (“Shareholder D”);
- (5) [**<<Name of Company>>** incorporated in <<Insert Country of incorporation>> under No. <<Insert Registered office number>> whose registered office is at <<Insert Registered office address>> (“Company”).]

BACKGROUND:

- A. The Company is a private company limited by shares. On the date of this Agreement has an issued share capital of £<<amount>> of £ <<amount>> each, all of which are ordinary shares of the nominal value of £ <<amount>> each.
- B. The Shareholders are the beneficial holders of the number and class of Shares in the Company as set out in Schedule 1.
- C. The parties to this Agreement have entered into the conditions between themselves and the Company on the terms and conditions of this Agreement.

IT IS AGREED as follows:

1. Definitions and Interpretation

- 1.1 In this Agreement, unless the context otherwise requires:
 - “**Annual Business Plan**” means the business plan approved by the directors of the Company, for the Financial Year of the Company, which sets out the strategic objectives of the Business, the key performance indicators, the financial projections and an operating budget for the Financial Year;
 - “**Articles**” means the Articles of Association of the Company as amended from time to time;
 - “**Auditors**” means the accountants (as constituted from time to time) of the Company (and, when they are appointed, the accountants approved by the Shareholders) from time to time;
 - “**Board**” means the directors (as constituted from time to time) of the Company;
 - “**Board Meetings**” means the meetings of all or the required quorum of the directors of the Company;

“Business”

of the Company is as set out in

“Business Day”

(other than Saturday and Sunday) which is not a public holiday, on which ordinary business is not open for [their full range of normal] business hours>>;

“Business Hours”

business hours of Company>>;

“Clear Days”

period of notice, means, that period of notice is given or deemed to be given or on which it is given

“Confidential Information”

means, in relation to each party to this Agreement (“the Informant”) the information which is disclosed to that party by or for the Informant (“the Informant”) pursuant to or in connection with this Agreement, whether orally or in writing, in any medium, and whether the information is marked as confidential or marked as such, and whether the information is confidential or marked as such, and whether the information shall not include any information which is in the public domain other than by the confidentiality obligations contained in this Agreement

[“Data Protection Legislation”

means, until the General Data Protection Regulation (EU) 2016/679 (“GDPR”) is no longer applicable in the UK, the GDPR and any other laws, regulations, and secondary legislation (as amended from time to time) in the UK and any laws, regulations, and secondary legislation which succeeds the GDPR in the UK

“Financial Year”

means, the financial year of the company determined in accordance with section 390 of the Companies Act 2006;

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“Intellectual Property”

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

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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
ay subsist; and

e for past infringements of any of
ghts;

**“Intellectual Property
Rights”**

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Property owned, used or required
pany;

“Ordinary Shares”

s of <<Insert value of a share>>
e Company, issued as fully paid;

“Reserved Matters”

ferred to in Clause 14;

**“Respective
Proportions”**

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Shareholder, the proportion which
held by that Shareholder bears to
ued Shares. Each Shareholder’s
is as set out in Schedule 1¹;

“Shares”

es;

“Shareholders”

A, Shareholder B, Shareholder C
nd any person to whom they may
e Shares pursuant to the Articles

**“Share Transfer
Provisions”**

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s of the Articles relating to the
nd expressions defined in those
ame meaning in this Agreement;

“Warranties”

set out in Clause 7;

¹ The drafting assumption is that all shareholders
the case.

g proportion - however this may not always be

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“Year”

365 (or in the case of a leap year, 366) days, unless the context requires otherwise. “Date of Agreement” and any reference to a date during the continuance of this Agreement shall have the corresponding meaning.

1.2 Unless the context requires otherwise, any reference in this Agreement to:

reference in this Agreement to:

1.2.1 “writing”, and any communication, includes a reference to any communication in any form, including facsimile transmission, email or any similar means of communication;

writing, includes a reference to any communication in any form, including facsimile transmission, email or any similar means of communication;

1.2.2 a statute or regulation, is a reference to that statute or regulation as in force at the relevant time;

is a reference to that statute or regulation as in force at the relevant time;

1.2.3 “this Agreement”, “this Agreement”, “this Agreement” and any other agreement or document are references to this Agreement and any other agreement or document as amended, supplemented, modified or novated from time to time;

Agreement or document referred to in this Agreement or such other agreement or document as amended, supplemented, modified or novated from time to time;

1.2.4 Clauses and Schedules and to this Agreement are, unless otherwise stated, references to Clauses and Schedules of this Agreement and to Sub-clauses and Paragraphs of this Agreement as the reference appears.

References to Clauses and Schedules of this Agreement are, unless otherwise stated, references to Sub-clauses and Paragraphs of this Agreement as the reference appears.

1.3 In this Agreement:

In this Agreement:

1.3.1 all agreements shall be made by all of the parties to the Agreement and no person or entity shall be joint and several;

all of the parties to the Agreement and no person or entity shall be joint and several;

1.3.2 any reference to a person includes a reference to their respective personal representatives and successors in title and permitted assignees;

includes a reference to their respective personal representatives and successors in title and permitted assignees;

1.3.3 any reference to a company includes any body corporate, whether or not incorporated in any jurisdiction or partnership or any other legal entity;

includes any body corporate, whether or not incorporated in any jurisdiction or partnership or any other legal entity;

1.3.4 words importing the plural and vice versa; and

the plural and vice versa; and

1.3.5 words importing any other gender.

any other gender.

1.4 The headings in this Agreement are for convenience only and shall not affect its interpretation.

convenience only and shall not affect its interpretation.

2. **[Administration**

Unless otherwise agreed under this Agreement:

holders to the contrary:

2.1 the initial directors shall be <<Name>> and <<Name>>, and <<Name>> shall have certain rights in relation to the appointment of directors as set out in Clause 6 below;

shall be <<Name>>, <<Name>>, and <<Name>>, and <<Name>> shall have certain rights in relation to the appointment of directors as set out in Clause 6 below;

2.2 the chairman of the directors shall be <<Name>>;

>>;

2.3 [the secretary of the company shall be <<Name>>];

>>];

2.4 the registered office of the company shall be <<Address>>;

the <<Address>>;

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- 2.5 the Auditors of the Company shall be <<name of auditors>>;
- 2.6 the accounting reference date for the Company shall be <<date>> in each Year; and
- 2.7 the Company's bankers shall be <<names of bankers>>.]

3. **Business of the Company**

- 3.1 The business of the Company shall be <<short nature and description of the business>>, subject to the provisions of this Agreement to time in accordance with the provisions of this Agreement.
- 3.2 Each of the Shareholders shall agree with and warrant to the other that they will at all times act in good faith in the interests of the other Shareholders and the Company in relation to all matters relating to the Business and that they will use [all] reasonable endeavours to develop the Business and to cooperate with the other Shareholders in the running and operation of the Company.

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4. **Finance**

- 4.1 The initial finance for the Company shall be provided by the Shareholders by the means of their subscriptions in their Respective Proportions.
- 4.2 No Shareholder shall be obliged to provide any further funding to the Company.
- 4.3 Any further funding required by the Company shall, as far as reasonably practicable, be satisfied by the Company from its own resources, such as a bank loan. Such bank loan or other loan shall be on the most favourable terms obtainable but on no less favourable terms than shall be agreed in writing in advance by all the Shareholders.
- 4.4 To the extent that any further funding is not possible or available on terms acceptable to all the Shareholders, any such loan may be advanced by a Shareholder. Any funds advanced by any Shareholder may be in the form of a term loan on the terms set out in Schedule 2.
- 4.5 If any finance required by the Company is to be raised by the issue of loan notes or by debentures, such loan notes and/or debenture shall be offered to the Shareholders in their Respective Proportions.
- 4.6 Any guarantees or other securities in respect of the obligations of the Company shall be given by all the Shareholders on a pro-rata basis in their Respective Proportions.
- 4.7 Any cash and surplus funds of the Company shall be placed on deposit with banks or other financial institutions approved by the Board.

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5. **Financial Information**

- The Shareholders shall provide the following information:
- 5.1 maintains adequate books, accounts and other records relating to the conduct of its Business and the requirements of all applicable laws and generally accepted accounting principles; and

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5.2 permits all directors to have full access to the financial, accounting and other records of the Company upon reasonable notice during Business Hours.

6. Directors

6.1 Each Shareholder may appoint [one] director to sit on the Board.

6.2 The maximum number of alternate directors (including alternate directors) at any one time shall be [four].

6.3 Each Shareholder may remove or any other person that he/she wants to be his/her director and appoint another person to replace this director at any time and without the need for a meeting.

6.4 The appointment and removal of directors shall be made in writing served on the Company and shall take effect from the time it is served on the Company. Each Shareholder may remove a director from the Board's approval for any such appointment or removal is subject to the provisions of Clause 6.3.

6.5 The directors shall hold office until their term expires by rotation.

6.6 A director may, at any time, be removed and continuing consent of the Shareholder which appoints him to be an alternate director in its place and the director thinks fit.

7. Warranties³

Each Shareholder warrants to the other parties that:

7.1 it has the required power to enter into this Agreement;

7.2 it has the required resources to fully perform its obligations and exercise its rights under this Agreement;

7.3 this Agreement is legal, valid and enforceable in its entirety.

Each of these Warranties shall be independent and except as expressly provided otherwise in this Agreement, shall not be limited by reference to any other clause in this Agreement.

8. Issue of Shares

8.1 If the Company wishes to issue Shares [for cash] the parties shall procure that the Company shall issue to each Shareholder a notice stating the number of Shares to be issued, the price per Share to be subscribed for and the date by which the Shares must be subscribed for (the "Company's Notice").

8.2 Each Shareholder shall not be obliged to subscribe for the price set forth in the Company's Notice for that proportion of the Shares proposed to be issued which is proportionate to the Shares held by him bears to the total issued shares of the Company. Each Shareholder may give its notice. This option may

² This means that although this is the default position, if all Shareholders collectively wish to appoint or remove a director, they may do so.

³ These warranties can be given whether the Shareholder is an individual or a company. If the other shareholders that the agreement is binding on are also companies, consideration of the relation to entering into this Agreement not being a contract for the sale of goods.

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ing directors, should 75% of the shareholders

companies. This provides a level of comfort to the Shareholder if the company is a company, consider adding a warranty in the documents.

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be exercised by n
number of days>>
payment in full for t

given at any time within <<Insert
Company's Notice accompanied by
ed for.

8.3 Any Shares refer
Shareholders do no
the manner stated
within <<Insert num
period specified in S

s Notice with respect to which
may be issued by the Company in
e provided such sale is completed
r the after the expiry of the option

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9. **Transfer of Shares**

9.1 No Shareholder sha
dispose of any Sha
provisions of this C

e, charge, encumber or otherwise
in except in accordance with the

9.2 A Shareholder may

ny other person provided that:

9.2.1 the transfer

with the Share Transfer Provisions;

9.2.2 the Seller st
his wish to r
the name a
remaining S
option but n
proposed to
bears to the
issued for th
the Seller's
Seller given
following the
Shares to be

ffer ("the Seller's Notice") stating
consideration price per share and
oposed transferee to all of the
ave the irrevocable and exclusive
hase that proportion of the Shares
e number of Shares held by him
al at the time the Seller's Notice is
e and upon the terms specified in
y be exercised by notice to the
<<Insert number of days>> days
panied by payment in full for the

9.2.3 any Shares
remaining S
transferred
provided su
days after th
above; and

s Notice with respect to which the
exercise their options may be
anner stated in the Seller's Notice
ithin <<Insert number of days>>
eriod specified in Sub-clause 9.2.2

9.2.4 except in th
proposed to
Agreement v
the applicat
hereto.

n one Shareholder to another, the
d a deed of adherence to this
ansferee agrees to be bound by all
greement as if he were a party

9.3 The Board shall
complies with the
registration any oth

any transfer of Shares which
e 9, and decline to approve for

9.4 [In the event of any
occurring in relatio
have given (and the
Seller's Notice in d
Shares held by him
but not the obligatio
per share determin
cash against delive

ferred to in Sub-clause 9.5 below
Shareholder shall be deemed to
all be deemed to have received) a
eding such event in respect of the
s shall have the irrevocable option
of the offered Shares for the price
Clause 10 below, terms to be for
er and relative certificate[s].

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- 9.5 The circumstances above are:
 - 9.5.1 If, being a c... owning equal to or more than 50% of the Cor... capital at that time, goes into liquidation v... voluntary (except for the purposes of a *bona fi*... amalgamation with the consent of all the other... consent not to be unreasonably withheld,) or... receiver, administrative receiver or... its assets or undertakings;
 - 9.5.2 [if, being an... er dies;]
 - 9.5.3 in the event... made against the Shares in the Company he...
 - 9.5.4 if any Sha... [material] breach of any of his obligations u... d fails to remedy such a breach (if capable of... number of days e.g. 30>> days after being g... Shareholders so to do;
 - 9.5.5 if any Share... employee of the Company retires from his pos...

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10. **[Valuation of Shares**

The sale and purchase p... shall be such sum as the A... such Shares as between... length terms as at the date... account that such Shares r... nsferred under Clause 9.4 above e, in their opinion, the fair value of... willing seller, contracting at arm's... such option but without taking into... est in the Company.]

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11. **Shareholders' General M**

- 11.1 The Shareholders... either by written resolution or at Shareholders' gene...
- 11.2 At a general meetin... holders 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:
 - 11.2.1 the chairma... m time to time;
 - 11.2.2 at least two... vote on the resolution;
 - 11.2.3 Shareholder... one tenth of the share capital carrying rig... or substantially all Shareholder resolutions.
- 11.3 Shareholder meetin... such time or times as may be required or as req... directors or Shareholders. Unless otherwise agreed i... holders, at least 14 Clear Days' notice in writing sh... Shareholders entitled to attend and vote at a general m... ers. Such notice shall specify in as great a detail as is... to be considered at the meeting. [This provision is su... below.⁴
- 11.4 The Company shal... meeting yearly and in any event

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⁴ Note that private limited companies are not r... still choose to hold an AGM however and this is... 06 to hold Annual General Meetings. Many will

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not more than 15 minutes before the date of the next meeting of the Company. Unless otherwise agreed in writing by all the Shareholders, notice in writing shall be given to all the Shareholders as great a detail as is practicable.

the date of one annual general meeting of the Company. Unless otherwise agreed in writing by all the Shareholders, notice in writing shall be given to all the Shareholders as great a detail as is practicable.

11.5 The quorum necessary for the holding of a general meeting shall be as set out in section 318 Companies Act 2006. If a quorum is not present within thirty minutes of the time appointed for the meeting, the meeting shall be adjourned to the same time on the seventh day following the original meeting. If a quorum is not present within thirty minutes from the time appointed for the adjourned meeting, the meeting shall be dissolved.

general meeting shall be as set out in section 318 Companies Act 2006. If a quorum is not present within thirty minutes of the time appointed for the meeting, the meeting shall be adjourned to the same time on the seventh day following the original meeting. If a quorum is not present within thirty minutes from the time appointed for the adjourned meeting, the meeting shall be dissolved.

12. **Company Communication**

The Shareholders shall give their consent to the use by the Company of electronic communications when communicating with Shareholders, such use to be at the sole discretion of the Company.

The Shareholders shall give their consent to the use by the Company of electronic communications when communicating with Shareholders, such use to be at the sole discretion of the Company.

13. **Management**

13.1. The Board shall manage the day to day administration and management of the Company within the terms of the Annual Business Plan.

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

13.2. [This shall include:

- a) promoting the Business;
- b) holding Board Meetings at least <<10>> Business Days in each year and meeting papers shall be made available to all Shareholders;
- c) obtaining and maintaining all necessary consents and licences for the Business;
- d) obtaining and maintaining all necessary approvals for the Business;
- e) maintaining and protecting all necessary Intellectual Property Rights on the Business; and
- f) taking all necessary steps to comply with the Data Protection Legislation.]

growth and development; in regular intervals (for example, once a month), with such notice shall include an agenda for the meeting and effect all necessary approvals, consents and licences on the Business; reasonably required for carrying on the Business; and Intellectual Property Rights required for carrying on the Business; and Data Protection Legislation.]

14. **Reserved Matters⁵**

14.1 The Shareholders shall give their consent to the Company shall give their consent to the following matters requiring a unanimous resolution at a general meeting of the Shareholders:

the following matters contemplated by this Agreement requiring a unanimous resolution at a general meeting of the Shareholders:

14.1.1 alter its [Memorandum and Articles of Association];

alter its [Memorandum and Articles of Association];

14.1.2 alter any of the Company's Shares;

alter any of the Company's Shares;

⁵ There may be other matters that the Shareholders may wish to reserve for their approval, which shall be added to the standard list that may be added to depending on each company's individual requirements.

⁵ There may be other matters that the Shareholders may wish to reserve for their approval, which shall be added to the standard list that may be added to depending on each company's individual requirements.

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- 14.1.3 subject to C... resolution for the winding up or liquidation of
- 14.1.4 pass any re... of the Company as a public company;
- 14.1.5 alter the Co... ed office;
- 14.1.6 create or gr... gage or charge (whether fixed or floating) or a... e whole or any part of its assets;
- 14.1.7 lend, advanc... e the indebtedness of any person, firm or corpo...
- 14.1.8 change the... siness or undertake any business other than th...
- 14.1.9 instigate any... ct of the debts owing to it in the ordinary cou...
- 14.1.10 have as its... period other than a period of 12 months and... end of any accounting period any date other th... for end of accounting period>>.

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- 14.2 The Shareholders s... s contemplated by this Agreement the Company shall... ng a special resolution approving the action at a gen... g the prior written consent of 75% of the holders of s... less than 75% of the total voting rights of eligible Sha...

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- 14.2.1 [subject to t... 6,] appoint or remove any director of the Comp...
- 14.2.2 other than... f business transfer or otherwise dispose of c... or disposition of the whole or any substantial p... or disposition of the whole or any by one trans... ertaking of the Company whether sactions;
- 14.2.3 acquire any... ertaking or enter into any material long term co... commitment or investment with a value in exc... t>> save in respect of machinery, plant and ec... quired in the ordinary course of the business of... of which the Shareholders have a previously a...

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- 14.2.4 purchase or... e or tenancy or otherwise acquire or dispose o... y estate or interest;
- 14.2.5 engage any... or consultant or agent for a remuneration... amount>> per annum or increase or agree to i... <<Insert amount>> per annum the remuneration... s directors, officers, employees, consultants

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- 14.2.6 acquire or... debentures, debenture stock or other securit... y;

- 14.2.7 allow the a... ts borrowed and raised by the Company to... nt>>; and

- 14.2.8 in respect o... of the Company pay or distribute any amount... any capacity by way of dividend, bonus or oth... r kind.

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15. **Dividend Policy**

A minimum of <<Insert p
Section 736 of the Compa
the Company derived from
lawfully available for di
Shareholders. Such distrib
e.g. 3>> months after de
Company for approval and
powers as members of the

distributable profits (as defined in
ompany in each Financial Year of
the Company for such period and
distributed as dividends to the
than <<Insert number of months
accounts to the directors of the
exercise their respective rights and
t the same is done.

16. **Non-Competition**

16.1 No Shareholder sh
so long as he/she
after the party in qu

written consent of the Board, for
or <<Insert number of months>>⁶
Shareholder:

- a) carry on or
<<Insert geo
part of the B
- b) except as a
the custom
months, a cl
- c) offer emplo
attempt to s
is at the tim
the Compan
attempt by a
- d) solicit or en
who supplie
services to t

or interested in any business in
would be in competition with any
ive of the Company, deal or seek
or was within the previous 12
ompany;
contract for the services of, or
to the Company any individual who
a director, officer or employee of
ate the making of such offer or

16.2 The undertakings in
Shareholder and to
Shareholder in an
Shareholder's own
other person.

y each Shareholder to each other
ly to actions carried out by each
er directly or indirectly, on the
y other person or jointly with any

16.3 Each of the undert
and reasonable.

onsidered by the parties to be fair

16.4 Each of the unde
enforceable separa
undertaking is found
deleted or the perio
with such modific
enforceable.

a separate undertaking and is
of any other undertaking. If any
out would be valid if part of it was
reduced, the restriction shall apply
necessary to make it valid and

16.5 Each of the unde
Company and all th
the Business's goo

for the purpose of providing the
on-going benefit and protection of

⁶ The restrictions regarding duration and geogr
enforceable. Provisions that are too restrictive
extent, the parties should consider what is actu

and proportionate so as to ensure that they are
the purpose of the clause. In determining their
will of the Company and its business.

⁷ Again this must be reasonable and proportio

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17. **Duration**

This Agreement shall continue in effect and shall bind each of the Shareholders for so long as the Shareholder is a beneficial owner and/or registered member in respect of a share in the Company or until this Agreement's termination or the Company's liquidation, as set out below.

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18. **Termination**

18.1 Subject to Clause 1, the Company may terminate:

- a) when a resolution is passed by the Shareholders or creditors of the Company, or a court or other competent body or person instructed by the court, shall lead to the Company being wound up or liquidated, and the assets distributed among the Company's Shareholders;

- b) on the appointment of an administrator or administrative receiver over the Company, or the making of an order for the winding up of the Company, or the appointment of a liquidator or supervisor;

- c) when, as a result of the termination of this Agreement, the person remains as legal and beneficial holder of the shares;

- d) [list any other circumstances]

18.2 On termination of this Agreement, the following Clauses shall continue in force:

- a) Clause 1 (Definitions);
- b) Clause 16 (Share Certificates);
- c) this clause;
- d) Clause 20 (Dividends);
- e) Clause 22 (Interest on Dividends);
- f) Clause 23 (Share Transfer);
- g) Clause 24 (Share Transfer);
- h) Clause 25 (Share Transfer);
- i) Clause 26 (Share Transfer);
- j) Clause 29 (Share Transfer);
- k) Clause 30 (Share Transfer);
- l) [OTHERS].

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18.3 Termination of this Agreement shall not affect the rights, remedies, obligations or liabilities of any Shareholder which have accrued up to the date of termination, including any damages in respect of any breach of the Agreement which occurred on or before the date of termination.

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19. **Winding Up**

19.1 If in accordance with the Shareholders' Agreement, the Shareholders shall take all necessary steps to secure the timely winding up of the Company and shall cause the directors of the Company to take all necessary steps which are required to be taken for the winding up of the Company.

When the decision to wind up the Company arises, the Shareholders shall take all necessary steps to secure the timely winding up of the Company and shall cause the directors of the Company to take all necessary steps which are required to be taken for the winding up of the Company.

19.2 The Shareholders shall appoint a liquidator who is a properly licensed insolvency practitioner. If the Shareholders are unable to come to an agreement, the Company's Auditors shall appoint the liquidator.

The liquidator is a properly licensed insolvency practitioner. If the Shareholders are unable to come to an agreement, the Company's Auditors shall appoint the liquidator.

19.3 In order to recover the assets of the Company in its winding up, the liquidator shall, to the maximum extent permitted by law and in doing so may exercise any right of set-off or other act or

may be available from the Company and shall, to the maximum extent permitted by law and in doing so may exercise any right of set-off or other act or

20. **Confidentiality**

20.1 The Recipient undertakes in writing by the Information Memorandum that this Agreement and its contents shall remain confidential and shall not be disclosed to any third party after its termination:

that except as authorised in writing by the Information Memorandum, this Agreement and its contents shall remain confidential and shall not be disclosed to any third party after its termination:

20.1.1 use his or her name in connection with the Information;

keep confidential all Confidential Information;

20.1.2 not disclose the Information to any other person except its current directors, bankers, lenders, partners, accountants, professional advisers, in each case only where such disclosure is necessary in order to comply with any legal obligations, or where such disclosure is required to do so by law;

information to any other person except its current directors, bankers, lenders, partners, accountants, professional advisers, in each case only where such disclosure is necessary in order to comply with any legal obligations, or where such disclosure is required to do so by law;

20.1.3 not use any of the Information for any purpose otherwise than as contemplated in the Information Memorandum;

for any purpose otherwise than as contemplated in the Information Memorandum;

20.1.4 not to make any disclosure of any Confidential Information to any third party in any way or part with possession of the Information;

in any way or part with possession of the Information;

20.1.5 ensure that the Information is not disclosed to any third party by the Recipient or any of its directors, officers or advisors does any act which, if done by that person, would constitute a breach of the provisions of Sub-clauses 20.1.1 to 20.1.4;

or advisors does any act which, if done by that person, would constitute a breach of the provisions of Sub-clauses 20.1.1 to 20.1.4;

20.2 The provisions of this Agreement shall continue in force in accordance with their terms, notwithstanding the termination of this Agreement for any reason.

shall continue in force in accordance with their terms, notwithstanding the termination of this Agreement for any reason.

21. **Observance and Conflict**

21.1 Each party shall comply with the provisions of the Articles of Association and each and every provision of the Articles of Association shall be enforceable between themselves and shall be enforceable as if it had been so enforceable between themselves.

with the provisions of the Articles of Association and each and every provision of the Articles of Association shall be enforceable between themselves and shall be enforceable as if it had been so enforceable between themselves.

21.2 Insofar as any provision of this Agreement conflicts with any provisions of this

conflicts with any provisions of this

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Agreement the pro shall so require, the to agree with the pr

t shall prevail. If any Shareholder ure that the Articles are amended

22. **Notices and Service**

22.1 All notices to be giv be delivered perso telex, cable, facsim

shall be in writing and shall either ass or airmail prepaid post or by and shall be deemed duly served:

22.1.1 in the case of

onally, at the time of delivery;

22.1.2 in the case Business Da

y first class prepaid post, 2 Clear atch;

22.1.3 in the case (being Busin after the dat

as by airmail, 7 Business Days o which the notice is dispatched)

22.1.4 in the case during norm sent outside Business Da by first class Day.

le transmission or email, if sent at the time of transmission and if urs then on the next following e) that a confirmatory copy is sent d by the end of the next Business

22.2 Any notice to a Sha as set forth in the Shareholder may h

o the address of such Shareholder or to such other address as such to this Clause.

22.3 [Any notice to the Company or to su pursuant to this Cla

t to the registered offices of the Company may have designated

23. **No Partnership or Agency**

23.1 This Agreement sh venture between an

as to create a partnership or joint

23.2 Nothing in the Agr parties the agent of

ed so as to constitute any of the

24. **Variation and Waiver**

24.1 No variation of this signed by or on beh

ffective unless it is in writing and ime being.

24.2 A waiver of any ri effective if it is giv remedy. Any such v given and shall not

his Agreement or by law is only by the party waiving such right or o the circumstances for which it is ny subsequent breach or default.

24.3 A failure or delay by this Agreement or b or remedy, nor sha other right or remed

ny right or remedy provided under a waiver of that or any other right ny further exercise of that or any

24.4 No single or parti Agreement or by la other right or remed

or remedy provided under this the further exercise of that or any

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24.5 A person that waives his or her rights under the law in relation to or against a person, does not affect his or her rights in relation to any other person.

provided under this Agreement or by law, shall not be deemed to be a waiver or release of the right to take any action against that person in relation to any other person.

25. **Severance**

If any provision of this Agreement is held to be invalid or unenforceable in any jurisdiction, the Agreement shall continue to be valid as to its other provisions.

any court or other competent authority to the extent that such provision of this Agreement shall continue to be valid and enforceable in that jurisdiction as to the affected provision.

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26. **Entire Agreement**

26.1 This Agreement constitutes the entire agreement between the parties and supersedes and replaces all other agreements and understandings between the parties.

entire agreement between the parties and supersedes and replaces all other agreements and understandings between the parties.

26.2 Each party acknowledges that it is entering into this Agreement, it is not relying on any representation or warranty made by the other party, except as expressly stated in this Agreement.

to this Agreement, it is not relying on any representation or warranty made by the other party, except as expressly stated in this Agreement.

26.3 Without limiting the remedies available in respect of a breach of contract, each party shall have the right to sue for breach of contract and to have a party's only remedy is for breach of contract. The Agreement purports to exclude liability for any fraud or negligent misstatement.

Without limiting the remedies available in respect of a breach of contract, each party shall have the right to sue for breach of contract and to have a party's only remedy is for breach of contract. The Agreement purports to exclude liability for any fraud or negligent misstatement.

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27. **Non – Assignment**

This Agreement is personal to the parties and shall not be assigned, mortgaged, [or] charge (otherwise than as expressly provided hereunder, or sub-contracted) or otherwise disposed of, except in accordance with the terms of this Agreement.

neither party may assign, mortgage, charge (otherwise than as expressly provided hereunder, or sub-license) any of its rights or obligations hereunder, or otherwise dispose of, except in accordance with the terms of this Agreement.

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28. **Further Assurance**

Each party shall from time to time and after its termination) do all such things as may be reasonably necessary in order to give effect to the provisions of this Agreement.

Each party shall from time to time and after its termination) do all such things as may be reasonably necessary in order to give effect to the provisions of this Agreement.

29. **Costs**

EITHER

The costs and expenses (including legal and accountancy expenses) of the preparation, negotiation and execution of this Agreement shall be borne by the party who caused the same to be incurred.

legal and accountancy expenses) of the preparation, negotiation and execution of this Agreement and associated with the preparation, negotiation and execution of this Agreement.

OR

Except as expressly provided in this Agreement, each party shall pay their own costs and expenses incurred in the preparation, negotiation and execution of this Agreement.

Except as expressly provided in this Agreement, each party shall pay their own costs and expenses incurred in the preparation, negotiation and execution of this Agreement.

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30. **Applicable Law and Jurisdiction**

30.1 This Agreement shall be governed by and construed in accordance with the law of the jurisdiction in which the parties have their principal place of business.

This Agreement shall be governed by and construed in accordance with the law of the jurisdiction in which the parties have their principal place of business.

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laws of England and
30.2 The parties agree
the courts of England

ve] [non-exclusive] jurisdiction of

IN WITNESS WHEREOF this Ag
before written:

executed the day and year first

SIGNED by

<<Name of Shareholder A>>

In the presence of

<<Name & Address of Witness>>

SIGNED by

<<Name of Shareholder B>>

In the presence of

<<Name & Address of Witness>>

SIGNED by

<<Name of Shareholder C>>

In the presence of

<<Name & Address of Witness>>

SIGNED by

<<Name of Shareholder D>>

In the presence of

<<Name & Address of Witness>>

SIGNED by

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

In the presence of

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<<Name & Address of Witness>>

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Name of Shareholder	Address Shareholder	Number of Shares	Shareholders' Respective Proportions

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Name of Shareholder

Amount of Loan

£

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<<Insert terms and conditions of the loan to be made under this Agreement>>

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