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This **Shareholder Agreement - Long** includes the following clauses:

**Priority Shareholder Bias** includes the

Parties: Shareholders A - D are the only one subscriber, in which also wish to acquire more shares. Investors in Schedule 1. If the and the forms completed.

Memorandum of Association. There may be deleted. The subscriber(s) may so they will be added to the list of then the wording should be retained

Note that the parties to a shareholder companies (although they can also be is less common). The parties may be and often the principal parties will w created vehicle. Whoever the parties thought may need to be given to certain entities are involved.

usually be individuals or private limited for example, partnerships, but this companies or a combination of the two the Company through a specifically drafting of the contract, however more the transfer provisions if corporate

Recitals: Since the Companies Act 2009, the issued shares should be issued should be recorded.

of "authorised share capital" from 1st share. At Recital A, the number of per share has been issued, then this

1. Definitions and Interpretation: "Hours", the "Company" and Principal Investor usually hold Ordinary Shares must be issued "Year".

Company, "Business Day", "Business Investor" should be added. The capital of the Company. The value of of the Agreement in the definition of

2. Matters on Completion: If the Clause 2.3 should be retained "Articles" (at clause 1) and S into the Agreement at Schedule of the shareholders and copy Company wishes to keep its the wording in square brackets. The numbering of the Schedule consistent. If the shareholders are giving the details should be completed

change its Articles of Association, then in square brackets in the definition of of the new Articles should be inserted ns must be passed by a 75% majority be filed at Companies House. If the e 2.3 should be deleted together with s" (at clause 1) and Schedule 2 itself. result and must be corrected to be

3. Administration: This is an Secretary (if the Company has

should be used to specify the Company ative details.

4. Representations and warranties and a representation that the obligations contained in the Schedule other shareholders may sue the warranty. This Clause gives comfort from the outset.

each shareholder makes both a warranty able them to accept and perform the of this transpires to be untrue, then the or misrepresentation and/or breach of comfort that the other shareholders will

5. Finance: This clause deals with under any obligation to provide any money is requires using notes/debentures can be issued

Company. The shareholders are not the Company will endeavour to borrow not possible, then the loans or loan

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6. Financial Information: This Clause shall require the Company to procure that the Company keep

holders (but not the Principal Investor) to the Company's accounts.

7. Issue of Shares: This Clause shall require the Company to offer new shares pro rata pre-emption rights if the Company wishes to issue new

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

8. Transfer of Shares: This Clause shall restrict the transfer of shares by shareholders. It will not apply to transfers to the surviving spouse or widowers of shareholders and to transfers to shareholders' close descendants (including Family Trusts or to group companies) provided that such transfers have been approved by a 75% majority of the shareholders to replace it. If a shareholder wishes to offer them to the other shareholders, the offer shall be on the same terms as their shareholdings. The shareholder shall be entitled to sell the shares at the price specified by the seller or to request that the auditors value the shares. The time periods for the offer shall be as set out in Clause 8.2.4. There are optional provisions which may be inserted, which shall be deemed to have served an administrative purpose if the company is in administration or receivership or if the shareholder breaches the Shareholder Agreement or if the shareholder is an employee of the Company or the Principal Investor.

the transfer of shares by shareholders. It will not apply to transfers to the surviving spouse or widowers of shareholders and to transfers to shareholders' close descendants (including Family Trusts or to group companies), nor to transferees who have been approved by the Principal Investor to replace it. If a shareholder wishes to offer them to any other person, he must first offer them to the other shareholders on an option to buy the shares pro rata to their shareholdings. The offer shall be on the same terms as the shares will be able to accept the offer or request that the auditors value the shares. Clause 8.2.4.

9. Drag Along: this is an optional Clause which shall give the majority shareholders the right to force the minority shareholders to sell their shares to a third party on the same terms as those agreed between that third party and the majority shareholders.

ity shareholders the right to force the minority shareholders to sell their shares to a third party on the same terms as those agreed between that third party and the majority shareholders.

10. Options of Principal Investor: This Clause shall give the Principal Investor, his personal representative or his estate or manager appointed over any part of his estate the right to require the Company to buy its shares in the event of death, liquidation, or if the Principal Investor, or any other shareholder breaches the Shareholders' Agreement.

investor, his personal representative or his estate or manager appointed over any part of his estate the right to require the Company to buy its shares in the event of death, liquidation, or if the Principal Investor, or any other shareholder breaches the Shareholders' Agreement.

11. Valuation of Shares: The Clause shall require the shares to be valued by the Company's auditor or accountant if there is a dispute over the value of the shares transferred at a fair value.

to be valued by the Company's auditor or accountant if there is a dispute over the value of the shares transferred at a fair value.

12. The Board: This Clause shall set out the appointment of a chairman and the powers of the board. The Clause shall also set out the right of the Principal Investor to nominate two directors to the board and the right of the Principal Investor to remove the directors. The Clause shall also set out the right of the Principal Investor to appoint a director to the board. The Clause shall also set out the right of the Principal Investor to remove a director from the board. The Clause shall also set out the right of the Principal Investor to appoint a director to the board. The Clause shall also set out the right of the Principal Investor to remove a director from the board. The Clause shall also set out the right of the Principal Investor to appoint a director to the board. The Clause shall also set out the right of the Principal Investor to remove a director from the board.

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13. Shareholder Meetings: This Clause shall set out the procedure for shareholder meetings and the requirement for companies to hold an Annual General Meeting but shall retain the right of the Principal Investor to waive the requirement for AGMs if AGMs will continue to be held.

and procedure for shareholder meetings and the requirement for companies to hold an Annual General Meeting but shall retain the right of the Principal Investor to waive the requirement for AGMs if AGMs will continue to be held.

14. Company Communications: This Clause shall set out the right of the Principal Investor to communicate with the shareholders via electronic means. The Clause shall also set out the right of the Principal Investor to require the Company to communicate with the shareholders via electronic means. The Clause shall also set out the right of the Principal Investor to require the Company to communicate with the shareholders via electronic means.

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15. Management: This Clause shall set out the terms of the Annual Business Plan and the duties of the directors. The Clause shall also set out the right of the Principal Investor to appoint a director to the board. The Clause shall also set out the right of the Principal Investor to remove a director from the board. The Clause shall also set out the right of the Principal Investor to appoint a director to the board. The Clause shall also set out the right of the Principal Investor to remove a director from the board.

run the affairs of the Company within the terms of the Annual Business Plan and the duties of the directors. The Clause shall also set out the right of the Principal Investor to appoint a director to the board. The Clause shall also set out the right of the Principal Investor to remove a director from the board. The Clause shall also set out the right of the Principal Investor to appoint a director to the board. The Clause shall also set out the right of the Principal Investor to remove a director from the board.

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Board. The directors must also prepare accounts of the Company every year. The Business Plan for the first financial year of the Company will be adopted and signed. The Directors appointed after the date of this Agreement will have access to the Company's records. If any of the shareholders wish to have their shares retained. The document "Shareholders Agreement" contains information about tax relief.

Business Plan and prepare management accounts. The Shareholder Agreement assumes that the Business Plan for the first financial year of the Company will be adopted and signed on the date that this Agreement is signed. The Directors appointed after the date of this Agreement will have access to the Company's records. If any of the shareholders wish to have their shares retained. The document "Shareholders Agreement" contains information about tax relief.

5. If any of the shareholders wish to have their shares, clause 15.4 should be read for more information. The document "Shareholders Agreement" should be read for more information.

16. Reserved Matters: This Clause prevents the Company doing any of the matters listed below without the approval of a 75% majority. More information is contained in the document "Shareholders Agreement".

Reserved Matters: This Clause prevents the Shareholders wishing to do any of the matters listed below without the approval of a 75% majority of the shareholders and some require the approval of the document "Shareholders Agreement".

17. Dividend Policy: This Clause sets out the policy for the distribution of dividends available for distribution in any financial year. The Company may distribute more if it so wishes.

Dividend Policy: This Clause sets out the percentage of the Company's profits available for distribution in any financial year as dividends. The Company may distribute more if it so wishes. The Company may be assured of at least some income.

18. Winding Up: This Clause places obligations on the Shareholders to cooperate in a winding up.

Winding Up: This Clause places obligations on the Shareholders to cooperate in a winding up.

19. Confidentiality: This Clause prevents the disclosure of confidential information.

Confidentiality: This Clause prevents the disclosure of confidential information.

20. Non Competition and Non Solicitation: This Clause prevents any person, business or employee of the Company from competing with the Company. Any restrictions apply must be reasonable. As a general rule, restrictions in excess of 12 months may be permitted.

Non Competition and Non Solicitation: This Clause prevents persons who cease to be shareholders in the Company from soliciting or interfering or enticing away any person, business or employee of the Company. The time periods when these restrictions apply must be reasonable. As a general rule, restrictions in excess of 12 months may be permitted.

21. Conflict with the Articles: This Clause states that the Shareholder Agreement will prevail over the Articles in the event of a conflict.

Conflict with the Articles: This Clause states that the Shareholder Agreement will prevail over the Articles in the event of a conflict.

22. Duration: This provides for the Shareholder Agreement to last until the Company is wound up.

Duration: This provides for the Shareholder Agreement to last until the Company is wound up.

23. Notices and Service: This Clause sets out the service of notices under the Shareholder Agreement. If the Company is not a party to the Shareholder Agreement, Clause 23.3 should be deleted.

Notices and Service: This Clause sets out the service of notices under the Shareholder Agreement (known as "boilerplate") for the Shareholder Agreement. If the Company is not a party to the Shareholder Agreement, Clause 23.3 should be deleted.

24. No Partnership or Agency: This Clause prevents a partnership relationship being formed between the Shareholders.

No Partnership or Agency: This Clause prevents an agency or partnership relationship being formed between the Shareholders.

25. No Waiver: Under English law a waiver of a right can be viewed by the court as a waiver of that right. This Clause prevents a right from occurring.

No Waiver: Under English law a waiver of a right can be viewed by the court as a waiver of that right. This Clause prevents a right from occurring.

26. Severance: Another boilerplate clause which states the court striking out the whole Shareholder Agreement as invalid or unenforceable. The court will be able to strike out the void part of the Shareholder Agreement and the parties to follow the enforceable part (a practice known as the "blue pencil" test).

Severance: Another boilerplate clause which states the court striking out the whole Shareholder Agreement as invalid or unenforceable. The court will be able to strike out the void part of the Shareholder Agreement and the parties to follow the enforceable part (a practice known as the "blue pencil" test).

27. Entire Agreement: A boilerplate clause which states that the Shareholder Agreement supersedes any prior agreements and prevents them from relying on any prior agreements or other evidence.

Entire Agreement: A boilerplate clause which states that the Shareholder Agreement supersedes any prior agreements and prevents them from relying on any prior agreements or other evidence.

28. Non-Assignment: A boilerplate clause which prevents the parties from assigning, mortgaging or charging their rights under the Shareholder Agreement except where they have obtained the written consent of the other parties.

Non-Assignment: A boilerplate clause which prevents the parties from assigning, mortgaging or charging their rights under the Shareholder Agreement except where they have obtained the written consent of the other parties.

29. Further Assurance: A boilerplate clause which states that the parties under an obligation to do all such things as may be necessary to give effect to the Shareholder Agreement.

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everything required to fulfil the  
30. Costs: This Clause requires the Shareholder Agreement.

costs of drawing up the Shareholder

31. Applicable Law and Jurisdiction: This Clause states that the Shareholder Agreement will be governed by the law of England and Wales, either exclusive or non-exclusive. If non-exclusive, it allows for a court in another country hearing the dispute, which may be a costly and time-consuming process.

Clause that states that the Shareholder Agreement has the option for the English courts to have jurisdiction over any disputes under the Shareholder Agreement. This opens up the possibility of a court in another country hearing the dispute, which may be a costly and time-

Schedule 1: Investment – The names of the subscribers and the amount of shares they are subscribing and the amount they are paying for them should be recorded here.

number of shares for which they are subscribing and the amount they are paying for them should be recorded here.

Schedule 2: Special Resolutions – If the Company is a new Company incorporated prior to 2008, then the paragraph in its Memorandum of Association which states the authorised capital should be removed. Removing this paragraph has now been abolished. Removing this paragraph has now been abolished. Removing this paragraph has now been abolished.

new Articles of Association, then the paragraph in its Memorandum of Association which states the authorised capital should be removed. Removing this paragraph has now been abolished. Removing this paragraph has now been abolished. Removing this paragraph has now been abolished.

Schedule 3: Loans – Any agreed terms should be included in this Schedule. The Schedule can be deleted if no loans are to be made.

be included in this Schedule. The Schedule can be deleted if no loans are to be made.

Schedule 4: Directors of the Company – The names of the Executive Directors appointed under Clause 12 should be named here.

Executive Directors appointed under Clause 12 should be named here.

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(1) < A >>

(2) < B >>

(3) < C >>

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SHAREHOLDERS AGREEMENT

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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”)  
(collectively the “Existing Shareholders”);
- (5) Those persons listed in Schedule 1 of this Agreement (the “Subscribers”); and
- (6) [<<Name of Company>> incorporated in <<Insert Country of incorporation>> under No. <<Insert Registered office of Company>> (“Company”).]

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**WHEREAS:**

- A. At all material times the Company had Company and at the date of this Agreement has an issued << number >> shares of £<< amount >> each.
- B. At all material times the << names >> are the registered and beneficial holders of the following number of shares of the Company issued as fully paid:
  - Shareholder A: << number >> shares owned>>;
  - Shareholder B: << number >> shares owned>>;
  - Shareholder C: << number >> shares owned>>; and
  - Shareholder D: << number >> shares owned>>.
- C. The Subscribers are to subscribe for << number >> shares of the Company and all the Shareholders have agreed to regulate the affairs of the Company on the terms and conditions of this Agreement.

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**IT IS AGREED** as follows:

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1. **Definitions and Interpretation**

1.1 In this Agreement, unless otherwise requires:

**“Annual Business Plan”**

**“Articles”**

**“Auditors”**

**“Board”**

**“Business”**

**“Business Day”**

**“Business Hours”**

**“Clear Days”**

**“Company”**

**“Completion”**

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approved by the Executive Directors of the Company for each Financial Year of the Company and containing the proposed objectives of the Company and containing cash flow and operating budget for that Financial Year;

the Association of the Company [in Schedule 2 hereto] and the same as from time to time;

as constituted from time to time) of the Company and comprising the accountants appointed from time to time;

Directors (as constituted from time to time) and comprising the Executive Directors and the Principal Executive Director;

Company shall be the undertaking of the business of Company>> and such business to be determined from time to time in accordance with this Agreement;

other than Saturday and Sunday) on which [the] banks are open for [their full business hours in <<London>>];

business hours of Company>>;

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

>>, a company incorporated in England and Wales under No. <<Insert the number of the company whose registered office is at the registered office of Company>>;

of this Agreement by all the parties to the Agreement;

**“Confidential Information”**

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each party to this Agreement (“the Informant”) pursuant to or in accordance with this Agreement, whether orally or in writing, and whether the information is confidential or marked as such, the information shall not include any information in the public domain other than by the confidentiality obligations contained in this Agreement.

**“Executive Directors”**

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as defined in part 1 of Schedule 4 who are Directors of the Company;

**“Family Trusts”**

any Shareholder who is an individual, whether or not set up wholly for the benefit of that Shareholder (Settlor) and/or the Settlor’s estate;

**“Non-Executive Directors”**

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as defined in part 2 of Schedule 4, who shall be Non-Executive Directors of the Company,

**“Ordinary Shares” or “Shares”**

of the value of <<Insert value of a share>> of the Company;

**“Permitted Transfers”**

any Shareholder of his shares to: (a) his Privileged Relations, (b) any Trusts (or the trustees of those Trusts), and (c) if the Shareholder is a company, any entities that are undertakings (as defined in section 1161(1) of the Companies Act 2006) to any company which is from time to time a parent undertaking or a subsidiary undertaking of the Shareholder or parent undertaking;

**“Principal Investor”**

as defined by the Principal Investor under the terms of this Agreement;

**“Principal Investor’s Directors”**

**“Privileged Relation”**

any civil partner, widow or widower of a Shareholder or any child (including step and adopted children), and any child (including step and adopted children) of the Shareholder’s children;

**“Reserved Matters”**

as defined in Clause 16;

**“Service Agreements”**

any Service Agreements in the agreed terms of this Agreement and each of the Executive Agreements;

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2. **Matters on Completion**

- 2.1 Immediately following the completion of the Agreement the parties shall comply with their respective obligations under the Agreement.
- 2.2 Completion shall take place as the parties may agree, either at the registered office of the Company or at such other place as the parties may agree.
- 2.3 [The parties shall ensure that a general meeting of the Company is duly convened and held in accordance with the provisions set out in Schedule 2 are proposed and passed at such meeting.]
- 2.4 Each of the Subscriber shall pay to the Company the numbers of Ordinary Shares shown opposite his name in Column (1) of Schedule 1 [(which includes the amount shown in Column (3), less the amount of any premium) >> per Share at the issue price of £<< amount (including any premium) >> per Share.]
- 2.5 Subject to receipt of the subscription monies by the Company, the Board will allot and issue the Shares subscribed for.
- 2.6 [Each of the Shareholders shall pay to the Company the amounts shown opposite their respective names in Column (3) of Schedule 3 as loans which shall comply with the provisions of Clause 10.]

3. **[Administration**

- Unless otherwise agreed by the parties, the following shall apply:
- 3.1 the secretary of the Company shall be the name >>;
- 3.2 the registered office of the Company shall be << Address >>;
- 3.3 the Auditors of the Company shall be the name of auditors >>;
- 3.4 the accounting reference date of the Company shall be << date >> in each Year; and
- 3.5 the Company's bankers shall be the name of bankers >>.]

4. **Representations**

Each of the Shareholders (including the Subscriber) represents and warrants (and agrees to perform) that he has taken all necessary steps to ensure that he is able to perform the obligations required under the terms of this Agreement and that the performance of the provisions of this Agreement will not result in him being in breach of any agreement or other contractual restriction to which he is a party or to which he is subject.

5. **Finance**

- 5.1 No Shareholder shall be required to provide any further funding to the Company for the Shares agreed to be subscribed for or for the purposes of the Agreement.
- 5.2 Any finance required by the Company under the terms of this Agreement shall be provided by way of bank facility from the Company's bankers or from other market sources upon terms agreed in writing by all the Shareholders.

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5.3 To the extent that s  
or is not available  
reason, any funds a  
loan shall be in a  
Schedule 3.

or in Sub-clause 5.2 is not possible  
all the Shareholders for whatever  
y by any Shareholder by way of a  
ms and conditions contained in]

5.4 If any finance requ  
notes or debentures  
[the Shareholders p  
the Principal Invest  
by the Principal Inv  
within <<Insert num  
offer the loan note  
Shareholders.]

to be raised by the issue of loan  
d/or debentures shall be offered to  
holdings from time to time] OR [to  
er or, if the option is not exercised  
ny loan notes and/or debentures,  
days of their receiving the written  
shall be offered to the remaining

5.5 Any guarantees or  
respect of the oblig  
Shareholders who  
proportions which  
issued shares.

all or any of the Shareholders in  
y shall be divided between those  
e guarantee or indemnity in the  
the time being bear to the total

5.6 Any cash and surp  
placed on deposit a  
by the Board.

me held by the Company shall be  
ble and with institutions approved

6. **Financial Information**

The Shareholders, excludin

shall procure that the Company:

6.1 maintains adequate  
conduct of its busin

and other records relating to the

6.2 prepares internal m  
accounting practice  
delivers copies of t  
not later than the <<

ounts in accordance with standard  
les relating to its business and  
ch Shareholder and in any event  
ay in each following month; and

6.3 permits all directors  
accounting records  
Hours.

ve full access to the financial and  
easonable notice during Business

7. **Issue of Shares**

7.1 If the Company wis  
Agreement [for cas  
Shareholder statin  
Share to be subscri

ddition to those provided for in this  
re that it shall give notice to each  
to be issued and the price per  
(Notice”).

7.2 Each Shareholder s  
the price set forth i  
proposed to be issu  
capital at the time  
exercised by notice  
of days>> days foll  
full for the Shares to

not the obligation to subscribe at  
for that proportion of the Shares  
ng bears to the total issued share  
s its notice. This option may be  
t any time within <<Insert number  
notice accompanied by payment in

7.3 Any Shares referre

Notice with respect to which the

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Shareholders do not  
the manner stated  
within <<Insert number  
specified in Sub-Clause

may be issued by the Company in  
provided such sale is completed  
after the expiry of the option period

## 8. Transfer of Shares

8.1 Other than Permitted  
charge, encumber or  
except in accordance

holder shall sell, transfer, mortgage,  
any Share or any interest therein  
this Clause 8.

8.2 Subject to Sub-clause  
his Shares to any of

Clause 10, a Shareholder may transfer  
:

8.2.1 the transfer

with the Share Transfer Provisions;

8.2.2 the Shareholder  
"Seller's Offer"  
make such  
transferee, the  
consideration  
terms of payment  
consideration

Shareholder shall first make a written offer (the  
Shareholders stating his wish to  
and address of the proposed  
Offered (the "Offered Shares"), the  
by the proposed transferee and the  
er shall be of no effect unless the  
in cash.];

8.2.3 the other Shares  
but not the d  
which the nu  
capital at the  
arrangement

an irrevocable and exclusive option  
at proportion of the Offered Shares  
him bears to the total issued share  
s issued on either of the following

8.2.3.1 for the  
the S

and upon the terms specified in

8.2.3.2 for the

defined in Clause 11 below,

terms to be  
certificate[s]

the executed transfer and relative

8.2.4 within <<Insert  
deemed rec  
he wishes to  
Notice") to the

. 30>> days after the receipt (or  
the recipient Shareholder shall (if  
give written notice (the "Buyer's  
Notice") to the

8.2.4.1 state  
Share  
Sub-  
Share

giving the notice (the "Purchasing  
ise his option in accordance with  
r of Shares which the Purchasing  
e and either:

a)

consideration per share and the  
Seller's Offer; or

b)

the Auditors to value the Offered  
with Clause 11, such valuation to

8.2.4.2 If the  
Offer  
fix a  
(the  
numb

r accepts the terms of the Seller's  
1(a), then the Buyer's Notice shall  
the purchase shall be completed  
shall be not sooner than <<Insert  
r later than <<Insert number of

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- days
  - 8.2.4.3 If the value of the Shares to be purchased by the Buyer shall be less than the value of the Shares to be sold by the Seller, the Buyer shall purchase the Shares as soon as possible, but not later than <<Insert number of days>> days after the date on which the Auditors have issued their report.
  - 8.2.5 Failure to give notice in accordance with Sub-clause 8.2.4 shall be deemed to be a waiver of the Buyer's option to purchase the Shares.
  - 8.2.6 A Buyer's Notice shall be obliged to purchase the Shares which he has so elected to purchase; and
  - 8.2.7 If the Seller elects to sell the Offered Shares to the Purchasing Shareholder(s), the Seller shall be free within the period of <<Insert number of days>> following the expiry of a period of <<Insert number of days>> days commencing on the date of the Buyer's Notice to transfer all of the Offered Shares or such part thereof as he may elect to transfer, for consideration per share and upon the terms set forth in the Buyer's Notice, to the transferee named in the Buyer's Notice and if the proposed transferee has executed a deed of adherence to this Agreement whereby the transferee shall be bound by all the applicable provisions of this Agreement as if he were a party hereto.
- 8.3 The provisions of Sub-clause 8.2 shall apply where a Shareholder sells, transfers, mortgages, or otherwise disposes of any Share or any interest therein to a transferee who has been approved by all or a 75% majority of the Shareholders; and
- 8.3.1 in the case of a transferee who has been approved by all or a 75% majority of the Shareholders; and
  - 8.3.2 in the case of a transferee whom the Principal Investor has approved.
- 8.4 In circumstances where a Shareholder transfers his Shares to any other person as referred to in that Sub-clause, such Shareholder as is referred to in that Sub-clause shall be bound by the Share Transfer Provisions; and
- 8.4.1 the transfer shall be subject to the Share Transfer Provisions;
  - 8.4.2 the Shareholder shall give written notice (the "Seller's Notice") to the Principal Investor of his wish to make such a transfer and the name of the proposed transferee; and
  - 8.4.3 the proposed transferee shall execute a deed of adherence to this Agreement whereby the transferee agrees to be bound by all the applicable provisions of this Agreement as if he were a party hereto.
- 8.5 [In the event of any transfer of Shares referred to in Sub-clause 8.6 below occurring in relation to the Offer of Shares given by the Principal Investor shall be deemed to be a transfer of Shares held by him. The other Shareholders shall be bound by the option but not the obligation to purchase any or all of the Shares at the price per share determined in









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otherwise agreed in writing shall be given to all the Shareholders as is practicable the date of the meeting. [This provision is subject to Sub-clause 13.4]

Shareholders, at least 14 Clear Days' notice in writing shall be given to all the Shareholders entitled to attend and vote at the meeting. [This provision is subject to Sub-clause 13.4]

13.4 The Company shall hold an Annual General Meeting (AGM) not more than 15 months after the end of the financial year. The notice in writing by all the Shareholders shall be given to all the Shareholders as is practicable the date of the meeting. Such notice shall specify the business to be discussed at the meeting.

meeting Yearly and in any event not more than 15 months after the date of one annual general meeting. Unless otherwise agreed in writing, the notice in writing shall be given to all the Shareholders as is practicable the date of the meeting. [This provision is subject to Sub-clause 13.4]

13.5 The quorum necessary for the holding of a Shareholder 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 dissolved.

holder 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 dissolved.

14. **Company Communication**

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

use by the Company of electronic communications when communicating with them at the sole discretion of the Company.

15. **Management**

15.1 The Executive Directors shall be responsible for the day to day administration and management of the Company in accordance with the terms of the Annual Business Plan. The Board may delegate to them such powers as they may see fit, but they shall remain responsible to the Board for their actions and decisions and shall be required to report to the Board on a regular basis as may be required by the Board.

responsible for the day to day administration and management of the Company in accordance with the terms of the Annual Business Plan. The Board may delegate to them such powers as they may see fit, but they shall remain responsible to the Board for their actions and decisions and shall be required to report to the Board on a regular basis as may be required by the Board.

15.2 The Executive Directors shall prepare for approval by the Board an Annual Business Plan for each Financial Year of the Company, outlining the proposed business of the Company and containing cash flow forecasts and operating budget for that Financial Year. The Executive Directors shall deliver the Annual Business Plan to the Board together with a copy of the proposed Annual Business Plan for the Financial Year and deliver the same to the Board together with a copy of the proposed Annual Business Plan for the Financial Year and deliver the same to the Board together with a copy of the proposed Annual Business Plan for the Financial Year. The Annual Business Plan shall be prepared for approval by the Board not later than 60 days before the beginning of each Financial Year. The Executive Directors shall be responsible for preparing periodic management accounts for the first Financial Year of the Company and deliver the same to the Board on the date hereof.

prepared for approval by the Board not later than 60 days before the beginning of each Financial Year. The Executive Directors shall be responsible for preparing periodic management accounts for the first Financial Year of the Company and deliver the same to the Board on the date hereof.

15.3 The Executive Directors shall be responsible for preparing periodic management accounts for the first Financial Year of the Company and deliver the same to the Board on the date hereof. The Executive Directors shall be responsible for preparing periodic management accounts for the first Financial Year of the Company and deliver the same to the Board on the date hereof.

responsible for preparing periodic management accounts for the first Financial Year of the Company and deliver the same to the Board on the date hereof.

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the relevant period.

15.4 Each of the Executive Shareholders that has a Service Agreement with the Company will not in any way compete with the Company both before and after the termination of such obligation to the extent that such obligation is enforceable by the Company.

15.5 The Principal Investor is entitled (either in person or by means of an agent) to have access to:

15.5.1 all trading records of the Company;

15.5.2 all accounts, books and other financial records of the Company; and

15.5.3 records held in computer files controlled or managed by the Company.

15.6 [Certain of the Shareholders who have made an investment in Ordinary Shares of the Company, to the extent that such investment is consistent with the requirements of relief under the Enterprise Investment Scheme and Rollover Relief. The Board will endeavour to provide the reliefs referred to above and certificates made available to facilitate the Shareholders' claims for such relief.]

to and covenants with the other Shareholders to perform all of his obligations under his Service Agreement to the extent that, such obligations are enforceable by the Company. He will at all times comply with and observe any covenant between the Company and himself not to compete with the Company both before and after the termination of his employment for so long as, and to the extent that such obligation is enforceable by the Company.

is entitled (either in person or by means of an agent) to have access to:

relating to the operations of the Company;

and other financial records of the Company; and

g those held in computer files controlled or managed by the Company.

able for relief under the Enterprise Investment Scheme and Rollover Relief in respect of their investment in Ordinary Shares of the Company. The Board will endeavour, in so far as it is commercially practicable, to have regard to the best interests of the Company in a manner which will qualify the Company for the purpose of the Enterprise Investment Scheme and Rollover Relief. The Board will endeavour to provide the reliefs referred to above and certificates made available to facilitate the Shareholders' claims for such relief.]

16. **Reserved Matters**

16.1 The Shareholders shall not, without the prior written consent of a unanimous resolution of the Shareholders:

16.1.1 alter its [Memorandum and Articles of Association];

16.1.2 subject to clause 16.1.1, pass any resolution for the winding up or liquidation of the Company;

16.1.3 pass any resolution to change the status of the Company as a public company;

16.1.4 create or grant any mortgage or charge (whether fixed or floating) or any other security interest over the whole or any part of its assets;

16.1.5 lend, advance or guarantee any loan or other financial assistance to any person, whether or not a firm or corporation, to the extent that such loan or assistance would increase the indebtedness of any person, other than the Company, to the extent that such loan or assistance would increase the indebtedness of any person, other than the Company, to the extent that such loan or assistance would increase the indebtedness of any person, other than the Company;

16.1.6 change the nature of the business of the Company other than the business of the Company as set out in the Memorandum and Articles of Association;

16.1.7 instigate any legal proceedings or any other proceedings in the ordinary course of business of the Company.

is contemplated by this Agreement. The Shareholders shall not, without the prior written consent of a unanimous resolution of the Shareholders:

Association;

y resolution for the winding up or liquidation of the Company;

ation of the Company as a public company;

gage or charge (whether fixed or floating) or any other security interest over the whole or any part of its assets;

e the indebtedness of any person, other than the Company, to the extent that such loan or assistance would increase the indebtedness of any person, other than the Company;

siness or undertake any business other than the business of the Company as set out in the Memorandum and Articles of Association;

ct of the debts owing to it in the ordinary course of business of the Company.

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16.1.8 have as its  
months and  
date other th

period other than a period of 12  
end of any accounting period any  
for end of accounting period>>.

16.2 The Shareholders s  
the Company shall  
the action at a Sha  
75% of the holders  
rights of eligible Sha

s contemplated by this Agreement  
ing a special resolution approving  
aining the prior written consent of  
ot less than 75% of the total voting

16.2.1 appoint or re

Company;

16.2.2 other than  
dispose of d  
substantial p  
by one trans

f business transfer or otherwise  
or disposition of the whole or any  
ertaking of the Company whether  
sactions;

16.2.3 acquire any  
long term co  
value in exc  
plant and ec  
business of  
previously a

ertaking or enter into any material  
commitment or investment with a  
>> save in respect of machinery,  
quired in the ordinary course of the  
of which the Shareholders have a

16.2.4 purchase or  
dispose of a

or tenancy or otherwise acquire or  
state or interest;

16.2.5 engage any  
remuneratio  
or agree to i  
remuneratio  
consultants

or consultant or agent for a  
amount>> per annum or increase  
<<Insert amount>> per annum the  
s directors, officers, employees,

16.2.6 acquire or d  
securities in

entures, debenture stock or other

16.2.7 allow the a  
Company to

nts borrowed and raised by the  
nt>>; and

16.2.8 in respect o  
any amount  
bonus or ot  
Service Agre

of the Company pay or distribute  
any capacity by way of dividend,  
nilar kind save in respect of the  
ate.

17. **Dividend Policy**

A minimum of <<Insert pe  
each Financial Year of t  
Company for such period v  
Advance Corporation Tax)  
after delivery of the releva  
and the Shareholders sha  
of the Company to procure

tributable profit of the Company in  
om the audited accounts of the  
ends to the Shareholders (net of  
umber of months e.g. 3>> months  
tors of the Company for approval  
e rights and powers as members

18. **Winding Up**

18.1 If at any time an ob

Company arises the Shareholders

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20.2 for a period of <<Insert number of months>> month[s] after his ceasing to be a Shareholder in his own account or for any other person employ, so long as he has not made any endeavour to entice away from the Company any person who has been or was in the <<Insert number of months>> month[s] preceding the date of his ceasing to be a Shareholder

g. 12>> month[s] after his ceasing to be a Shareholder in his own account or for any other person employ, so long as he has not made any endeavour to entice away from the Company any person who has been or was in the <<Insert number of months>> month[s] preceding the date of his ceasing to be a Shareholder

20.3 for a period of <<Insert number of months>> month[s] after his ceasing to be a Shareholder in his own account or for any other person employ, so long as he has not made any endeavour to entice away from the Company any person who has been or was in the <<Insert number of months>> month[s] preceding the date of his ceasing to be a Shareholder

g. 12>> month[s] after his ceasing to be a Shareholder in his own account or for any other person employ, so long as he has not made any endeavour to entice away from the Company any person who has been or was in the <<Insert number of months>> month[s] preceding the date of his ceasing to be a Shareholder

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**21. Conflict with the Articles**

Insofar as any provision of the Articles shall conflict with any provisions of the Articles the provisions of the Articles shall prevail. If any Shareholder shall so require the Shareholders shall agree with the provisions hereof.

conflict with any provisions of the Articles shall prevail. If any Shareholder shall so require the Shareholders shall agree with the provisions hereof.

**22. Duration**

This Agreement shall continue in force so long as he or she shall be a Shareholder in respect of any Shares in the Company's winding up.

bind each of the Shareholders for so long as he or she shall be a Shareholder in respect of any Shares in the Company's winding up.

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**23. Notices and Service**

23.1 All notices to be given shall be delivered personally or by cable, facsimile transmission or by first class prepaid post, 2 Clear

shall be in writing and shall either be delivered personally or by cable, facsimile transmission or by first class prepaid post, 2 Clear

23.1.1 in the case of a notice to be given to a Shareholder personally, at the time of delivery;

personally, at the time of delivery;

23.1.2 in the case of a notice to be given to a Shareholder by first class prepaid post, 2 Clear

by first class prepaid post, 2 Clear

23.1.3 in the case of a notice to be given to a Shareholder by airmail, 7 Business Days (being Business Days) after the date of transmission or email, if sent at the time of transmission and if it is a Business Day then on the next following Business Day (or on the next following Business Day) that a confirmatory copy is sent by the end of the next Business

by airmail, 7 Business Days (being Business Days) after the date of transmission or email, if sent at the time of transmission and if it is a Business Day then on the next following Business Day (or on the next following Business Day) that a confirmatory copy is sent by the end of the next Business

23.1.4 in the case of a notice to be given to a Shareholder by first class prepaid post, 2 Clear

by first class prepaid post, 2 Clear

23.2 Any notice to a Shareholder shall be given to the address of such Shareholder as set forth in the Articles or to such other address as such Shareholder may have notified in writing to the Company pursuant to this Clause.

to the address of such Shareholder as set forth in the Articles or to such other address as such Shareholder may have notified in writing to the Company pursuant to this Clause.

23.3 [Any notice to the Company or to such other address as such Shareholder may have notified in writing to the Company pursuant to this Clause shall be deemed to have been given to the registered offices of the Company if it is delivered to the registered offices of the Company or to such other address as such Shareholder may have designated in writing to the Company pursuant to this Clause.

to the registered offices of the Company if it is delivered to the registered offices of the Company or to such other address as such Shareholder may have designated in writing to the Company pursuant to this Clause.

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24. **No Partnership or Agency**

24.1 This Agreement shall not be construed as to create a partnership or joint venture between any two or more of the parties to this Agreement.

as to create a partnership or joint

24.2 Nothing in the Agreement shall be construed so as to constitute any of the parties the agent of any other party.

ed so as to constitute any of the

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25. **No Waiver**

No failure or delay by either party in exercising its rights under this Agreement shall be deemed to be a waiver of any provision of this Agreement or a breach of the same or any other provision of this Agreement.

of its rights under this Agreement  
waiver by either party of a breach  
to be a waiver of any subsequent

26. **Severance**

If any provision of this Agreement shall be found to be invalid or unenforceable, the remaining provisions of this Agreement shall remain valid as to its other provisions.

court or other competent authority to  
s Agreement shall continue to be  
the affected provision.

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27. **Entire Agreement**

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

ement between the parties and  
reements and understandings

27.2 Each party acknowledges that it is entering into this Agreement, it is not relying on any representation or warranty made by the other party, and it is not relying on any actual statement or other provision of this Agreement.

to this Agreement, it is not relying  
ctual statement or other provision  
ent.

27.3 Without limiting the remedies available to a party, the sole remedy in respect of a breach of contract shall be the remedy provided in this Agreement. A party's only remedy is for breach of contract. The Agreement purports to exclude liability for any fraud or negligent misstatements.

ping, neither party shall have any  
made to him upon which he may  
and a party's only remedy is for  
s Agreement purports to exclude

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28. **Non – Assignment**

This Agreement is personal to the parties and shall not be assigned, transferred, or otherwise charged (otherwise than as provided hereunder, or sub-contracted) in whole or in part, without the written consent of the other party.

ther party may assign, mortgage,  
[or sub-license] any of its rights  
any of its obligations hereunder,

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29. **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.

continuation of this Agreement and  
e all such documents as may be  
rovisions of this Agreement.

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30. **Costs**

The costs and expenses (including legal and accountancy expenses) of the preparation, negotiation and execution of this Agreement and associated documentation shall be borne by the parties in equal shares.

31. **Applicable Law and Jurisdiction**

31.1 This Agreement shall be governed by and construed in accordance with the laws of England and Wales.

31.2 The parties agree to submit to the exclusive [non-exclusive] jurisdiction of the courts of England and Wales.

**IN WITNESS WHEREOF** this Agreement has been 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  
<<Name of Shareholder D>>

SIGNED by  
<< Name of Subscriber >>

SIGNED by  
<< Name of Subscriber >>

SIGNED by  
<< Name of Subscriber >>

SIGNED by

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<< Name of Subscriber >>

[SIGNED by

<<Insert name of person signing for and on behalf of <<Insert Company Name >>

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(1)  
Name of Subscriber

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(3)  
Amount Paid

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1. That the articles of association to be adopted in substitution for the existing articles of association
2. That paragraph << Paragraph << Share Capital >> of the Company's memorandum of association

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Name of Shareholder

Amount of Loan

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<<Insert terms and conditions for this Agreement>>

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<<Insert name of Executive Director

<<Insert name of Executive Director

<<Insert name of Executive Director

<<Insert name of Executive Director

A

**Non-Executive Director of the Company**

<<Insert name of Non-Executive Director

<<Insert name of Non-Executive Director

<<Insert name of Non-Executive Director

<<Insert name of Non-Executive Director

<<Insert name of Non-Executive Director

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