

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

Parties: Please complete the names of the parties, optional and the document information.

Note that the parties to a shareholder agreement can be individuals or companies (although they can also be partnerships, for example, partnerships, but this is less common). The parties may be the Principal Investor and the Company or a combination of the two. The parties to the Company through a specifically created vehicle. Whoever the parties to the contract, however more thought may need to be given to certain provisions if corporate entities are involved.

Recitals: Since the Companies Act 2006 came into force on 1st October 2009, the issued share capital of the Company should be inserted.

1. Definitions and Interpretation: This clause defines the "Company", the "Principal Investor" and the "Year". The Principal Investor usually holds the Ordinary Shares must be inserted.

2. Administration: This is an optional clause. If the Company has a Secretary (if the Company has a Secretary).

3. Representations and warranties: This clause contains a warranty and a representation that they will comply with the obligations contained in the Shareholder Agreement. The other shareholders may sue the Principal Investor for breach of warranty. This Clause gives effect to the warranty from the outset.

4. Finance: This clause deals with the Company's financial obligations. The shareholders are not under any obligation to provide funds to the Company. If any money is required using the Company's funds, then the loans or loan notes/debentures can be issued.

5. Financial Information: This Clause requires the Company to procure that the Company keeps accurate financial records.

6. Issue of Shares: This Clause gives the Principal Investor the right to issue new shares if the Company wishes to issue new shares.

7. Transfer of Shares: This Clause deals with the transfer of shares by shareholders. It will not apply to transfers to the Principal Investor or to shareholders' close descendants (including Family Trusts or to group companies). If a shareholder has been approved by a 75% majority of the shareholders to replace it. If a shareholder offers them to the other shareholders, the share price specified by the selling shareholder. The time periods for the transfer of shares.

Priority Shareholder Bias includes the following clauses:

1. Adding the Company as a party is optional. The "Notes" should be read for more information.

2. The parties to the agreement can be individuals or private limited companies, for example, partnerships, but this is less common. The parties may be the Principal Investor and the Company or a combination of the two. The parties to the Company through a specifically created vehicle. Whoever the parties to the contract, however more thought may need to be given to certain provisions if corporate entities are involved.

3. Recitals: Since the Companies Act 2006 came into force on 1st October 2009, the issued share capital of the Company should be inserted. At Recital A, the number of shares issued should be inserted.

4. Definitions and Interpretation: This clause defines the "Company", "Business Day", "Business Hours", the "Company" and the "Principal Investor" usually holds the Ordinary Shares must be inserted. The value of the Company. The value of the Agreement in the definition of "Year".

5. Administration: This is an optional clause. If the Company has a Secretary (if the Company has a Secretary).

6. Representations and warranties: This clause contains a warranty and a representation that they will comply with the obligations contained in the Shareholder Agreement. The other shareholders may sue the Principal Investor for breach of warranty. This Clause gives effect to the warranty from the outset.

7. Finance: This clause deals with the Company's financial obligations. The shareholders are not under any obligation to provide funds to the Company. If any money is required using the Company's funds, then the loans or loan notes/debentures can be issued.

8. Financial Information: This Clause requires the Company to procure that the Company keeps accurate financial records.

9. Issue of Shares: This Clause gives the Principal Investor the right to issue new shares if the Company wishes to issue new shares.

10. Transfer of Shares: This Clause deals with the transfer of shares by shareholders. It will not apply to transfers to the Principal Investor or to shareholders' close descendants (including Family Trusts or to group companies). If a shareholder has been approved by a 75% majority of the shareholders to replace it. If a shareholder offers them to the other shareholders, the share price specified by the selling shareholder. The time periods for the transfer of shares. The time periods for the transfer of shares by shareholders. It will not apply to transfers to the Principal Investor or to shareholders' close descendants (including Family Trusts or to group companies). If a shareholder has been approved by a 75% majority of the shareholders to replace it. If a shareholder offers them to the other shareholders, the share price specified by the selling shareholder. The time periods for the transfer of shares.

S

There are optional provisions deemed to have served an administration or receivership breaches the Shareholder Agreement an employee of the Company Investor.

7.6 whereby a shareholder will be company and it goes into liquidation, against its shares; if the shareholder number of days; or if the shareholder is provisions do not apply to the Principal

8. Drag Along: this is an optional minority shareholders to sell to those agreed between that the

by shareholders the right to force the third party on the same terms as shareholders.

9. Options of Principal Investor: liquidator, administrator, receiver of its assets or undertakings to event of death, liquidation, and the Shareholders' Agreement

Investor, his personal representative or or manager appointed over any part shareholders to buy its shares in the , or if any other shareholder breaches days.

10. Valuation of Shares: The Clause or accountant if there is a deemed transferred at a fair value.

be valued by the Company's auditor will ensure that the shares are

11. The Board: This Clause allows appointment of a chairman. To be recorded in the fields. The Principal nominate two directors to the subsists as long as the Principal the issued share capital. The Investor retains this right even usually want the threshold to Clause 11.7, no Board meeting Investor is present.

ectors to the board and the e between board meetings should be right under Sub-Clause 11.2 to e the Principal Investor). This right ed percentage of the nominal value of orted and, in order that the Principal e capital, the Principal Investor will % has been suggested. Under Sub- ctor appointed by the Principal

12. Shareholder Meetings: This Clause under the Companies Act 2006 Annual General Meeting but to be retained if AGMs will continue

and procedure for shareholder meetings requirement for companies to hold an 12.3 and Clause 12.4 should be

13. Company Communications: To its shareholders via electronic Clause places the shareholder communications electronically

allows companies to communicate with shareholder has consented. This ation to consent to receive

14. Management: This Clause states the terms of the Annual Business Board. The directors must also accounts of the Company every Plan for the first financial year Business Plan will be adopted signed. The Directors appoint access to the Company's records If any of the shareholders will retained. The document " information about tax relief.

un the affairs of the Company within any duties given to them by the Business Plan and prepare management eement assumes that the Business Sub-Clause 14.2 states that the first n the date that this Agreement is r are given additional unrestricted 5.

15. Reserved Matters: This Clause prevent the Company doing a Some of the matters listed require a 75% Majority. More information "Notes".

their shares, clause 14.6 should be "Notes" should be read for more

that the Shareholders wish to damage their interest in the Company. f the shareholders and some require cument "Shareholders Agreement

A

M

P

L

E

S

16. Dividend Policy: This Clause provides that the Company may distribute a percentage of the Company's profits available for distribution in any financial year as dividends. The Company may distribute more if it so wishes and is not assured of at least some income.
 17. Winding Up: This Clause places a duty on shareholders to cooperate in a winding up.
 18. Confidentiality: This Clause provides that shareholders must not disclose confidential information.
 19. Non Competition and Non solicitation: This Clause prohibits shareholders who cease to be shareholders in the Company from competing with the Company or soliciting or interfering or enticing away any person, business or employee of the Company during the time periods when these restrictions apply must be insensible. As a general rule, no exceptions may be permitted.
 20. Conflict with the Articles: This Clause provides that the Shareholder Agreement will prevail over the Articles in the event of a conflict.
 21. Duration: This provides for the Shareholder Agreement to last until the Company is wound up.
 22. Notices and Service: This Clause provides for the service of notices under the Shareholder Agreement. Clause 22.3 should be deleted if the Company is not a party to the Shareholder Agreement.
 23. No Partnership or Agency: This Clause provides that the Shareholder Agreement should not be construed as a partnership relationship being created between the shareholders or as an agency or partnership that prevents an agency or partnership from occurring.
 24. No Waiver: Under English law a right can be viewed by the court as a waiver of that right. This Clause provides that the Shareholder Agreement should not be construed as a waiver of that right.
 25. Severance: Another boilerplate clause in the Shareholder Agreement as in the Articles. 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 Shareholder Agreement or parts of it. The practice known as the "blue pencil" test. The court has the power to strike out the whole of the Shareholder Agreement or parts of it. The court has the power to strike out the whole of the Shareholder Agreement or parts of it.
 26. Entire Agreement: A boilerplate clause in the Shareholder Agreement which states that the Shareholder Agreement supersedes any prior agreements or statements or other evidence in relation to the Shareholder Agreement.
 27. Non-Assignment: A boilerplate clause in the Shareholder Agreement which states that the Shareholder Agreement prohibits shareholders from assigning, mortgaging or otherwise disposing of their shares except where they are permitted to do so under the terms of the Shareholder Agreement.
 28. Further Assurance: A boilerplate clause in the Shareholder Agreement which states that the Shareholder Agreement requires shareholders to do everything required to fulfil the obligations of the Shareholder Agreement.
 29. Costs: This Clause requires the Shareholder Agreement to cover the costs of drawing up the Shareholder Agreement.
 30. Applicable Law and Jurisdiction: This Clause states that the Shareholder Agreement will be governed by the law of the jurisdiction in which the Company is incorporated. It also provides an option for the English courts to have jurisdiction 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-consuming process.
- Schedule 1: Loans – Any agreed to be included in this Schedule. The Schedule can be deleted if not required.
- Schedule 2: Directors of the Company – Any agreed to be included in this Schedule. The Schedule can be deleted if not required.
- Executive Directors appointed under the Shareholder Agreement.

A

M

P

L

E

Clause 11 should be named here.

S
A
M
P
L
E

S

(1) < A >>

(2) < B >>

(3) < C >>

(4) < D >>

[(5) < e >>]

A

SHAREHOLDERS' AGREEMENT

M

P

L

E

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 of Company>> whose registered office is at <<Insert Registered office of Company>>).]

WHEREAS:

- A. At all material times the Company has had <<Insert Number of Shares>> issued and at the date of this Agreement has an issued <<Insert Number of Shares>> shares of £<< amount >> each.
- B. At all material times the Shareholders are the registered and beneficial holders of the following number of shares of the Company as fully paid:

Shareholder A: <<Insert Number of Shares>> shares owned>>;

Shareholder B: <<Insert Number of Shares>> shares owned>>;

Shareholder C: <<Insert Number of Shares>> shares owned>>; and

Shareholder D: <<Insert Number of Shares>> shares owned>>.
- C. The parties have agreed to bind themselves and the affairs of 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 Executive Directors of the Company at the end of 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.

“Articles”

“Auditors”

“Board”

“Business”

“Business Day”

“Business Hours”

“Clear Days”

“Company”

**“Confidential
Information”**

“Executive Directors”

“Family Trusts”

S

A

M

P

L

E

Association of the Company and
ended from time to time;

s constituted from time to time) of
ne are appointed the accountants
y from time to time;

irectors (as constituted from time
ny and comprising the Executive
ecutive Directors and the Principal

ompany shall be the undertaking of
business of Company>> and such
y be determined from time to time
ance with this Agreement;

r than Saturday and Sunday) on
ng] banks are open for [their full
ess in <<London>>;

ss hours of Company>>;

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

>>, a company incorporated in
corporation>> under No. <<Insert
whose registered office is at
ice of Company>>;

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

ted in Part 1 of Schedule 2 who
ctors of the Company;

Shareholder who is an individual,
t up wholly for the benefit of that
(Settlor) and/or the Settlor’s

**“Non-Executive
Directors”**

**“Ordinary Shares” or
“Shares”**

“Permitted Transfers”

“Principal Investor”

**“Principal Investor’s
Directors”**

“Privileged Relation”

“Reserved Matters”

“Service Agreements”

“Shareholder”

**“Share Transfer
Provisions”**

“Year”

1.2 Unless the context

1.2.1 “writing”, and
communicat
similar mean

S

A

M

P

L

E

Part 2 of Schedule 2, who shall
Directors of the Company,

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

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

ed by the Principal Investor under

il partner, widow or widower of a
Shareholder’s children and
g step and adopted children), and
ren of the Shareholder’s children;

red to in Clause 15;

reements in the agreed terms
ny and each of the Executive

, Shareholder B, Shareholder C,
ncipal Investor and any person to
ansfer their respective Shares
of this Agreement;

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

365 (or in the case of a leap year,
n <<Date of Agreement>> and any
te during the continuance of this
ly” shall have the corresponding

reference in this Agreement to:

on, includes a reference to any
facsimile transmission, email or

- 1.2.2 a statute or regulation is a reference to that statute or regulation in force at the relevant time;
- 1.2.3 “this Agreement” means the Agreement or document referred to in this Agreement or such other agreement or document as may be supplemented, modified or novated from time to time; and
- 1.2.4 Clauses and Schedules of this Agreement shall refer to Clauses and Schedules of this Agreement and to this Agreement and to Sub-clauses and Paragraphs of this Agreement, unless otherwise stated; and references to Sub-clauses or Paragraphs of this Agreement shall be construed as references to the reference appears.
- 1.3 In this Agreement:
- 1.3.1 all agreements entered into by the parties to the Agreement which shall be joint and several;
- 1.3.2 any reference to the parties shall be a reference to their respective personal representatives and successors in title and permitted assignees;
- 1.3.3 any reference to a person shall include any body corporate, unincorporated association, partnership or legal entity;
- 1.3.4 words importing the plural and vice versa; and
- 1.3.5 words importing the masculine gender shall include any other gender.
- 1.4 The headings in this Agreement are for convenience only and shall not affect its interpretation.
2. **[Administration]**
- Unless otherwise agreed by the parties:
- 2.1 the secretary of the Company shall be << name >>;
- 2.2 the registered office of the Company shall be << Address >>;
- 2.3 the Auditors of the Company shall be << name of auditors >>;
- 2.4 the accounting reference date of the Company shall be << date >> in each financial year; and
- 2.5 the Company’s bankers shall be << names of bankers >>.]
3. **Representations**
- Each of the Shareholders shall represent and warrant 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 a default under any agreement or other contractual restriction.
4. **Finance**
- 4.1 No Shareholder shall be required to provide any further funding to the Company or to provide any other financial assistance to the Company pursuant to the terms of this Agreement.

S

4.2 Any finance required pursuant to the terms of this Agreement shall be provided by way of bank facility from the Company's bankers or by way of market sources upon terms agreed in writing by all the Shareholders.

A

4.3 To the extent that such finance or is not available for any reason, any funds advanced by any Shareholder by way of a loan shall be in accordance with the terms and conditions contained in Schedule 1.

M

4.4 If any finance required pursuant to the terms of this Agreement is not to be raised by the issue of loan notes or debentures, the Company shall be offered to all the Shareholders from time to time] OR [to the Principal Investor or, if the option is not exercised, the Company shall offer the loan notes and/or debentures, within <<Insert number of days>> days of their receiving the written offer, to all the Shareholders.]

P

4.5 Any guarantees or obligations in respect of the obligations of the Shareholders who shall be divided between those who shall bear the guarantee or indemnity in the proportions which shall bear to the total issued shares.

L

4.6 Any cash and surplus funds shall be held by the Company shall be placed on deposit with banks and with institutions approved by the Board.

E

5. Financial Information

The Shareholders, excluding the Company, shall procure that the Company:

- 5.1 maintains adequate books and other records relating to the conduct of its business;
- 5.2 prepares internal management accounts in accordance with standard accounting practice and delivers copies of the same to each Shareholder not later than the <<Insert number>> day in each following month; and
- 5.3 permits all directors to have full access to the financial and accounting records on reasonable notice during Business Hours.

6. Issue of Shares

- 6.1 If the Company wishes to issue Shares for cash] the parties shall procure that it shall give notice stating the number of Shares to be issued and the price to be paid for (the "Company's Notice").
- 6.2 Each Shareholder shall not be obliged to subscribe at the price set forth in the Company's Notice for that proportion of the Shares proposed to be issued which bears to the total issued share capital at the time of the Company's Notice. This option may be exercised by notice at any time within <<Insert number>> days of the date of the Company's Notice.

- of days>> days following the date of the Notice, in full for the Shares to which the Notice relates.
- 6.3 Any Shares referred to in this Clause 6 shall be sold by the Shareholders do not in any manner other than the manner stated in this Clause 6, and the sale shall be completed within <<Insert number of days>> days following the expiry of the option period specified in Sub-Clause 6.2.

7. Transfer of Shares

- 7.1 Other than Permitted Transfers, a Shareholder shall not charge, encumber or otherwise create a security interest in any Share or any interest therein except in accordance with this Clause 7.

- 7.2 Subject to Sub-clause 7.1, a Shareholder may transfer his Shares to any other person.

- 7.2.1 the transfer of Shares shall be subject to the Share Transfer Provisions;

- 7.2.2 the Shareholder shall first make a written offer (the "Seller's Offer") to the other Shareholders stating his wish to transfer the Shares and address of the proposed transferee, the consideration to be paid by the proposed transferee and the terms of payment. The offer shall be of no effect unless the consideration is paid in cash.];

- 7.2.3 the other Shareholders shall have an irrevocable and exclusive option to purchase that proportion of the Offered Shares which the number of Shares held by him bears to the total issued share capital at the time of the offer. The option shall be issued on either of the following arrangements:

- 7.2.3.1 for the Shares to be transferred in accordance with the Seller's Offer;

- 7.2.3.2 for the Shares to be transferred in accordance with the terms to be determined by the Company and relative to the executed transfer and relative to the Seller's Offer;

- 7.2.4 within <<Insert number of days>> days after the receipt (or deemed receipt) of the Seller's Offer, the Shareholder who wishes to transfer the Shares shall give written notice (the "Buyer's Notice") to the other Shareholders, which notice shall:

- 7.2.4.1 state the number of Shares which the Purchasing Shareholder wishes to purchase in accordance with the Seller's Offer; or

- a) the consideration per share and the Seller's Offer; or

- b) the valuation of the Offered Shares determined by the Auditors to value the Offered Shares with Clause 10, such valuation to be accepted by the Purchasing Shareholder.

- 7.2.4.2 If the Purchasing Shareholder accepts the terms of the Seller's Offer, the Seller shall transfer the Shares to the Purchasing Shareholder in accordance with the terms of the Seller's Offer.

Notice accompanied by payment in full for the Shares to which the Notice relates.

Notice with respect to which the Shareholder may be issued by the Company in accordance with the provisions provided such sale is completed within the expiry of the option period specified in Sub-Clause 6.2.

holder shall sell, transfer, mortgage, charge, encumber or otherwise create a security interest in any Share or any interest therein except in accordance with this Clause 7.

9, a Shareholder may transfer his Shares to any other person.

with the Share Transfer Provisions;

l first make a written offer (the "Seller's Offer") to the other Shareholders stating his wish to transfer the Shares and address of the proposed transferee, the consideration to be paid by the proposed transferee and the terms of payment. The offer shall be of no effect unless the consideration is paid in cash.];

e irrevocable and exclusive option to purchase that proportion of the Offered Shares which the number of Shares held by him bears to the total issued share capital at the time of the offer. The option shall be issued on either of the following arrangements:

e and upon the terms specified in

ined in Clause 10 below,

the executed transfer and relative to the Seller's Offer;

. 30>> days after the receipt (or deemed receipt) of the Seller's Offer, the Shareholder who wishes to transfer the Shares shall give written notice (the "Buyer's Notice") to the other Shareholders, which notice shall:

iving the notice (the "Purchasing Shareholder's Notice") shall state the number of Shares which the Purchasing Shareholder wishes to purchase in accordance with the Seller's Offer; or

consideration per share and the Seller's Offer; or

the Auditors to value the Offered Shares with Clause 10, such valuation to be accepted by the Purchasing Shareholder.

r accepts the terms of the Seller's Offer, the Seller shall transfer the Shares to the Purchasing Shareholder in accordance with the terms of the Seller's Offer.

S

A

M

P

L

E

Offer
fix a
(the
numb
days

1(a), then the Buyer's Notice shall
the purchase shall be completed
shall be not sooner than <<Insert
or later than <<Insert number of
the Buyer's Notice.

7.2.4.3 If the
value
Buyer
shall
soon
<<Ins
Audit

r wishes to request the Auditors to
er Sub-Clause 7.2.4.1(b), then the
e and time on which the purchase
pletion Date") which shall be not
r of days>> days nor later than
days after the date on which the
n.

7.2.5 Failure to gi
7.2.4 shall b

holder as provided by Sub-clause
him not to exercise his option;

7.2.6 A Buyer's N
be obliged t
purchase; an

the Purchasing Shareholder shall
shares which he has so elected to

7.2.7 If the Seller
Shares are t
be free with
expiry of a p
the date of
those remain
terms set for
it and only if
has execute
proposed t
provisions of

ut none or not all of the Offered
ng Shareholder(s), the Seller shall
number of days>> following the
r of days>> days commencing on
transfer all of the Offered Shares or
consideration per share and upon the
nd only to the transferee named in
de and if the proposed transferee
e to this Agreement whereby the
e bound by all the applicable
were a party hereto.

7.3 The provisions of S
transfers, mortgage
or any interest there

apply where a Shareholder sells,
r otherwise disposes of any Share

7.3.1 in the case o
by all or a 75

transferee who has been approved
Shareholders; and

7.3.2 in the case o
Investor has

to a transferee whom the Principal
Principal Investor.

7.4 In circumstances v
referred to in that
provided that:

applies, such Shareholder as is
r his Shares to any other person

7.4.1 the transfer

with the Share Transfer Provisions;

7.4.2 the Shareho
all of the oth
and the nam

ten notice (the "Seller's Notice") to
his wish to make such a transfer
posed transferee; and

7.4.3 the propose
Agreement v
the applicab
hereto.

ted a deed of adherence to this
nsferee agrees to be bound by all
greement as if he were a party

7.5 [In the event of any
occurring in relat
Principal Investor, s

ferred to in Sub-clause 7.6 below
that Shareholder, excluding the
given (and the other Shareholders

S

shall be deemed to have accepted the Offer in due form on the day preceding such event. The other Shareholders shall have the option but not the obligation to purchase any or all of the Shares at the price per share determined in accordance with Clause 7.5 for cash against delivery of the executed transfer and payment of the purchase price.

er's Offer in due form on the day preceding such event. The other Shares held by him. The other option but not the obligation to purchase any or all of the Shares at the price per share determined in accordance with Clause 7.5 for cash against delivery of the executed transfer and payment of the purchase price.

7.6 The circumstances in which the Offer may be made are:

above are:

7.6.1 If, being a controlling shareholder of the Company, the Shareholder, whether controlling or not, goes into liquidation (except for the purposes of a *bona fide* reconstruction or amalgamation) with the consent of all the other Shareholders, or has been appointed an administrative receiver or manager of the Company or its undertaking;

owning equal to or more than 50% of the issued share capital at that time, goes into liquidation (except for the purposes of a *bona fide* reconstruction or amalgamation) with the consent of all the other Shareholders, or has been appointed an administrative receiver or manager of the Company or its undertaking;

7.6.2 [if, being an employee of the Company, the Shareholder dies;]

er dies;]

7.6.3 in the event of a takeover offer made against the Shares in the Company held by the Shareholder;

made against the Shares in the Company held by the Shareholder;

7.6.4 if any Shareholder in breach of any of his obligations under the Articles is capable of remedying such a breach (if the Shareholder fails to do so after being given written notice by the other Shareholders so to do;

[material] breach of any of his obligations under the Articles is capable of remedying such a breach (if the Shareholder fails to do so after being given written notice by the other Shareholders so to do;

7.6.5 if any Shareholder who is an employee of the Company retires from his position.

employee of the Company retires from his position.

8. **[Drag Along]**

If at any time the holders of a majority of the issued share capital conferring the right to elect directors (the "Majority Holders") have agreed to sell their Shares to an independent purchaser in option but not the obligation of the Company to sell their Shares to the purchaser on the same terms and conditions as the Majority Holders, and the Shareholders, and the Shares in the Articles or otherwise referred to in this Clause 8.]

e.g. 95>>% of the issued share capital conferring the right to elect directors of the Company (the "Majority Holders") have agreed to sell their Shares to an independent purchaser or other person or persons who are independent of the Company. The Majority Holders shall have the right to require the other Shareholders to sell their Shares to the purchaser on the same terms and conditions as the Majority Holders, and the Shares in the Articles or otherwise referred to in this Clause 8.]

9. **Options of Principal Investor**

9.1 In any of the circumstances set out in sub-clause 9.2 below the Principal Investor (or in the event of his death his personal liquidator, administrator, receiver, or administrative receiver or manager) shall have the obligation to sell to the other Shareholders all or part of the Shares in the Company upon the terms and conditions set out in Sub-clause 9.3 below.

sub-clause 9.2 below the Principal Investor (or in the event of his death his personal liquidator, administrator, receiver, or administrative receiver or manager) shall have the obligation to sell to the other Shareholders all or part of the Shares in the Company upon the terms and conditions set out in Sub-clause 9.3 below.

9.2 The circumstances in which the Offer may be made are:

9.1 are:

9.2.1 if, being an individual, the Principal Investor dies;

Investor dies;

A

M

P

L

E

S

9.2.2 if, being a co-venturer, the Principal Investor goes into liquidation whether as an administrator, receiver, or liquidator, appointed over any part of its assets or undertaking;

if, being a co-venturer, the Principal Investor goes into liquidation whether as an administrator, receiver, or liquidator, appointed over any part of its assets or undertaking;

9.2.3 if any other person, other than the Principal Investor, is appointed as an administrator, receiver, or liquidator of the Principal Investor, and fails to remedy such a breach (if any [material] breach of any of its obligations under the Articles) within a number of days e.g. 30>> days after being given written notice by the Principal Investor so to do.

any [material] breach of any of its obligations under the Articles) within a number of days e.g. 30>> days after being given written notice by the Principal Investor so to do.

9.3 The option referred to in Clause 9.2.1 (the "Principal Investor's Option") shall be exercisable on notice to the Principal Investor within <<Insert time period e.g. 90>> days of the event described in Sub-clause 9.2.1 above. The exercise of the option shall be subject to the Principal Investor's administrative receiver or manager being appointed over any part of the Principal Investor's assets or undertaking on or after the commencement of the Principal Investor's administration, receivership or liquidation. The Principal Investor's Notice shall be given in writing to all the other Shareholders.

above shall be exercisable on notice to the Principal Investor within <<Insert number of days e.g. 90>> days of the event described in Sub-clause 9.2.1 above. The exercise of the option shall be subject to the Principal Investor's administrative receiver or manager being appointed over any part of the Principal Investor's assets or undertaking on or after the commencement of the Principal Investor's administration, receivership or liquidation. The Principal Investor's Notice shall be given in writing to all the other Shareholders.

9.3.1 state that the Principal Investor, as liquidator, administrator, receiver or manager, elects to exercise the option in accordance with the terms of the executed option agreement.

this personal representatives or its personal representatives (including an administrative receiver or manager) shall determine the price per share to be determined in accordance with the terms of the executed option agreement.

9.3.2 fix a date as to which the option shall be exercised, which shall be a number of days e.g. 30>> days after the date of the Principal Investor's Notice.

on Date") not sooner than <<Insert number of days e.g. 30>> days after the date of the Principal Investor's Notice exercising such option.

9.4 Following the service of the Principal Investor's Notice upon the other Shareholders under Clause 9, each Shareholder shall be obliged to purchase the Shares of the Principal Investor which his shareholding represents as a proportion of the issued share capital at the time that the Principal Investor's Notice is given.

Investor's Notice upon the other Shareholders under Clause 9, each Shareholder shall be obliged to purchase the Shares of the Principal Investor which his shareholding represents as a proportion of the issued share capital at the time that the Principal Investor's Notice is given.

10. Valuation of Shares

The sale and purchase price of the Shares referred to in Clauses 7.2.3.2, 7.5 and 9.3.1 above shall be determined by the Auditors within <<Insert number of days>> of the request for a valuation and shall be such sum as the Auditors shall certify to be the fair value of such Shares as at the date of the notice exercised, without taking into account that such Shares represent a minority interest.

referred under Sub-Clauses 7.2.3.2, 7.5 and 9.3.1 above shall be determined by the Auditors within <<Insert number of days>> of the request for a valuation and shall be such sum as the Auditors shall certify to be the fair value of such Shares as at the date of the notice exercised, without taking into account that such Shares represent a minority interest.

11. The Board

11.1 Unless otherwise agreed by the Shareholders in general meeting, the Board shall consist of the following persons:

11.1.1 those listed in Schedule 2 will be appointed as the first chairman of the Board in accordance with the Articles; and

Schedule 2 will be appointed as the first chairman of the Board in accordance with the Articles; and

11.1.2 << Name >> shall be appointed as the first chairman of the Board in accordance with the Articles; and

shall be appointed as the first chairman of the Board in accordance with the Articles; and

A

M

P

L

E

E

- | | |
|------|--|
| 11.2 | The Principal Investor may appoint a director by percentage e.g. 20% of the Company, be entitled to such appointment and may be the Principal Investor or by the Principal Investor's office or at any meeting. |
| 11.3 | The Shareholders shall have the right to appoint or respectively available for appointment as a director pursuant to clause 11.2 above (or as appointed pursuant to requests in writing). |
| 11.4 | Any question arising out of the Directors' Matters, shall be decided by the Board. |
| 11.5 | The Board will be composed of not less than three directors and may elect or appoint such number of directors as it may think fit. |
| 11.6 | Meetings of the Board shall be held at such times and intervals as may be required or as requested by the Board at intervals of more than 30 days from the date hereof. Meetings shall be held at least <<Insert number>> times a year, given of each meeting in detail as is practicable, unless all the directors agree in writing that matters shall be resolved by written resolution in the notice of the meeting. All directors may attend meetings. |
| 11.7 | The quorum necessary for the transaction of the business of the directors present in person or by proxy shall be a majority of the directors. If a quorum is not present at a meeting as the chairman of the meeting, the chairman of the Board, the meeting shall be adjourned to the seventh day following the date of the meeting. If a quorum is not present at the meeting (unless otherwise provided in the quarters of their number). |

12. Shareholder Meetings

- 12.1 Any question arising in connection with the Shareholders' Meeting shall be decided in accordance with the majority of the valid votes cast, unless otherwise provided in the Charter of the Company or matters by the written resolution of the Shareholders.
- 12.2 All votes of the Shareholders present in person or by proxy shall be counted. A poll is requested. A poll shall be taken in the following cases:
- 12.2.1 the chairman of the Shareholders' Meeting requests a poll;
- 12.2.2 at least two Shareholders request a poll;

S

A

M

P

L

E

12.2.3 Shareholder capital carry resolutions.

12.3 Shareholder meeting required or as required otherwise agreed in notice in writing shall vote at the Shareholder as is practicable the is subject to Sub-cla

12.4 The Company shall not more than 15 m meeting of the Co writing by all the S be given to all the general meeting. Su the business to be c

12.5 The quorum necess in section 318 Com minutes of the time adjourned to the s original meeting. If thirty minutes from shall be dissolved.

13. Company Communication

The Shareholders shall give communications when con sole discretion of the Comp

14. Management

14.1 The Executive Dire and management o Business Plan. The delegated to them decisions and dire required to report t may be required by

14.2 The Executive Dire an Annual Business outlining the propo containing cash flo Year. The Executi beginning of each Business Plan for Board together with purpose of evaluati for the first Financi date hereof.

one tenth of the issued share l or substantially all Shareholder

such time or times as may be directors or Shareholders. Unless eholders, at least 14 Clear Days' shareholders entitled to attend and e shall specify in as great a detail red at the meeting. [This provision

meeting Yearly and in any event en the date of one annual general next. Unless otherwise agreed in Clear Days' notice in writing shall o attend and vote at the annual as great a detail as is practicable g.]

holder meeting shall be as set out uorum is not present within thirty lder meeting, the meeting shall be n the seventh day following the g a quorum is not present within e meeting the adjourned meeting

use by the Company of electronic areholders, such use to be at the

e for the day to day administration any within the terms of the Annual l perform such duties as may be their obligation to comply with all the Executive Directors shall be requency and in such manner as

prepared for approval by the Board h Financial Year of the Company business of the Company and operating budget for that Financial later than 60 days before the Company, consider the Annual Year and deliver the same to the as the Board may request for the Plan. The Annual Business Plan orm adopted by the Board on the

S

14.3 The Executive Director shall be responsible for preparing periodic management accounts for each executive period of not more than three months containing a true and correct statement of the Company's financial statements and reports as may be required by the Board. The accounts shall be delivered to all Shareholders and the Board within 30 days after the end of the relevant period.

A

14.4 Each of the Executive Directors shall be bound by the terms of the Service Agreement to and covenants with the other Shareholders that he shall perform all of his obligations under his Service Agreement to the extent that, such obligations are legally enforceable. He will at all times comply with and observe any covenant between the Company and himself to not compete with the Company both before and after the termination of his employment for so long as, and to the extent that such obligations are enforceable by the Company.

14.5 The Principal Investor shall be entitled (either in person or by means of an agent) to have unrestricted access to:

M

14.5.1 all trading records of the Company;

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

14.5.3 records held in computer files including those held in computer files.

14.6 [Certain of the Shareholders who are eligible for relief under the Enterprise Investment Scheme may be entitled to Rollover Relief in respect of their investment in Ordinary Shares. The Board will endeavour, in so far as it is commercially practicable, to give effect to the best interests of the Company in a manner consistent with the provisions of the Enterprise Investment Scheme and Reinvestment/Rollover Relief. The Board will endeavour to provide whatever returns and certificates may be required to facilitate the Shareholders' claims for such relief.]

P

15. Reserved Matters

15.1 The Shareholders shall not take any action contemplated by this Agreement without the prior written consent of all of the Shareholders:

L

15.1.1 alter its [Memorandum of Association];

15.1.2 subject to the winding up or liquidation of the Company;

15.1.3 pass any resolution for the variation of the Company as a public company;

15.1.4 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;

15.1.5 lend, advance or guarantee the indebtedness of any person, firm or corporation.

E

S

15.1.6 change the
other than th

business or undertake any business

15.1.7 instigate any
ordinary cou

ect of the debts owing to it in the

15.1.8 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>>.

15.2 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

15.2.1 appoint or re

Company;

15.2.2 other than
dispose of c
substantial p
by one trans

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

15.2.3 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

15.2.4 purchase or
dispose of a

or tenancy or otherwise acquire or
state or interest;

15.2.5 engage any
remuneration
or agree to i
remuneration
consultants c

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

15.2.6 acquire or di
securities in

entures, debenture stock or other

15.2.7 allow the a
Company to

nts borrowed and raised by the
nt>>; and

15.2.8 in respect o
any amount
bonus or ot
Service Agre

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

16. 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

A

M

P

L

E

S

A

M

P

L

E

17. Winding Up

- 17.1 If at any time an obligation of the Company arises the Shareholders shall immediately take all necessary steps to secure the timely winding up of the Company. The Shareholders shall take all necessary votes at a General Meeting of the Company to ensure that the directors of the Company take all necessary steps at a board meeting to approve the winding up of the Company in addition to any other steps which are required to secure the timely winding up of the Company.
- 17.2 The Shareholders shall appoint a liquidator who is a properly licensed insolvency practitioner. If the Shareholders are unable to come to a decision, the Company's Auditors shall appoint the liquidator.
- 17.3 In order to recover the assets of the Company in its winding up, the Shareholders shall, to the maximum extent permitted by law, take all necessary steps to ensure that the assets of the Company are available to them from the Company and shall not exercise any right of set-off or other act or omission which would prejudice the recovery of the assets of the Company.

18. Confidentiality

- 18.1 In relation to Confidential Information that is disclosed to the Recipient by the Informant, he or she shall, at all times during the term of this Agreement and within <<Insert time period e.g. 5 years>> after the end of the term of this Agreement, keep confidential all Confidential Information and shall not disclose it to any other person except its directors, bankers, lenders, partners, professional advisers, in each case only under appropriate confidentiality obligations, or to any person or entity to whom any party is required to disclose Confidential Information by law;
- 18.1.1 use his or her best efforts to keep Confidential Information confidential;
- 18.1.2 not disclose Confidential Information to any other person except its directors, bankers, lenders, partners, professional advisers, in each case only under appropriate confidentiality obligations, or to any person or entity to whom any party is required to disclose Confidential Information by law;
- 18.1.3 not use any Confidential Information for any purpose otherwise than as contemplated by the terms of this Agreement;
- 18.1.4 not make any Confidential Information available in any way or part with possession of Confidential Information to any other person;
- 18.1.5 ensure that no Confidential Information is disclosed by that party or its directors, officers or advisors does any act which, if it were a breach of the provisions of Sub-clauses 18.1.1 to 18.1.4, would constitute a breach of this Agreement;
- 18.2 The provisions of this Agreement shall continue in force in accordance with its terms, notwithstanding the termination or expiry of this Agreement for any reason.

19. Non Competition and Non Solicitation

- Each Shareholder undertakes that he or she shall not during this Agreement:

S

19.1 for a period of <<Insert number of months>> months after his ceasing to be a Shareholder, jointly with or as manager or agent for any person, carry on or be engaged in any business whose Business is carried on in the City or region in which the Company is incorporated;

g. 12>> month[s] after his ceasing to be a Shareholder, jointly with or as manager or agent for any person, carry on or be engaged in any business whose Business is carried on in the City or region in which the Company is incorporated;

19.2 for a period of <<Insert number of months>> months after his ceasing to be a Shareholder, in his own account or for any other person employ, solicit or endeavour to entice away from the Company any person who then or was in the <<Insert number of months>> months 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, solicit or endeavour to entice away from the Company any person who then or was in the <<Insert number of months>> months preceding the date of his ceasing to be a Shareholder;

19.3 for a period of <<Insert number of months>> months after his ceasing to be a Shareholder, in his own account or for any other person employ, solicit or endeavour to entice away from the Company any person who then or was in the <<Insert number of months>> months 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, solicit or endeavour to entice away from the Company any person who then or was in the <<Insert number of months>> months preceding the date of his ceasing to be a Shareholder;

20. Conflict with the Articles

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

21. 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 the period of the term of the Agreement and/or registered member in the date of commencement of the winding up of the Company.

22. Notices and Service

22.1 All notices to be given to a Shareholder shall be delivered personally or by cable, facsimile transmission or email.

shall be in writing and shall either be delivered personally or by cable, facsimile transmission or email, or airmail prepaid post or by telex, or by first class prepaid post, 2 Clear Day Business Days after the date of dispatch; shall be deemed duly served:

22.1.1 in the case of a Shareholder who is a natural person, personally, at the time of delivery;

personally, at the time of delivery;

22.1.2 in the case of a Shareholder who is a legal person, by first class prepaid post, 2 Clear Day Business Days after the date of dispatch;

by first class prepaid post, 2 Clear Day Business Days after the date of dispatch;

22.1.3 in the case of a Shareholder who is a legal person, by airmail, 7 Business Days after the date of dispatch (being Business Days after the date of dispatch);

by airmail, 7 Business Days after the date of dispatch (being Business Days after the date of dispatch)

22.1.4 in the case of a Shareholder who is a legal person, by email transmission or email, if sent during normal business hours at the time of transmission and if not received during normal business hours then on the next following Business Day (or on the next following Business Day) that a confirmatory copy is sent by first class prepaid post by the end of the next Business Day.

by email transmission or email, if sent during normal business hours at the time of transmission and if not received during normal business hours 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 Day.

22.2 Any notice to a Shareholder shall be given to the address as set forth in the Articles or to such other address as such Shareholder may from time to time advise in writing.

to the address of such Shareholder as set forth in the Articles or to such other address as such Shareholder may from time to time advise in writing.

A

M

P

L

E

- Shareholder may have the right to this Clause.
- 22.3 [Any notice to the Company or to such other person as the Company may have designated pursuant to this Clause]
23. **No Partnership or Agency**
- 23.1 This Agreement shall not be construed as to create a partnership or joint venture between any of the parties.
- 23.2 Nothing in the Agreement shall be construed so as to constitute any of the parties the agent of any other party.
24. **No Waiver**
- No failure or delay by either party in exercising any of its rights under this Agreement shall be deemed to be a waiver by either party of a breach of any provision of this Agreement or to be a waiver of any subsequent breach of the same or any other provision.
25. **Severance**
- If any provision of this Agreement shall be held by a court of competent authority to be invalid or unenforceable, the Agreement shall continue to be valid as to its other provisions and the affected provision.
26. **Entire Agreement**
- 26.1 This Agreement constitutes the entire agreement between the parties and supersedes and nullifies all other agreements and understandings between the parties.
- 26.2 Each party acknowledges that in entering into this Agreement, it is not relying on any representation, warranty, statement or other provision except as expressly stated herein.
- 26.3 Without limiting the remedies available, neither party shall have any remedy in respect of any claim made to him upon which he may have relied in entering into this Agreement and a party's only remedy is for breach of contract. This Agreement purports to exclude liability for any fraud or negligent misstatement.
27. **Non – Assignment**
- This Agreement is personal to the parties and neither party may assign, mortgage, [or] charge (otherwise than by way of sub-license) any of its rights hereunder, or sub-contract any of its obligations hereunder, except with the written consent of the other party.

28. **Further Assurance**

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

29. **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.

30. **Applicable Law and Jurisdiction**

30.1 This Agreement shall be construed in accordance with the laws of England and Wales.

30.2 The parties agree to submit to the exclusive [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

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

S
A
M
P
L
E

Amount of Loan

£

<< >>

<< >>

<< >>

<< >>

<<Insert terms and conditions for [REDACTED] this Agreement>>

M

P



E

<<Insert name of Executive Director

<<Insert name of Executive Director

<<Insert name of Executive Director

<<Insert name of Executive Director

Non-Executive Directors 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