

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

Minority 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 shareholding 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.

may be individuals or private limited company, 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 2006, October 2009, the issued shares should be inserted and should be recorded.

of "authorised share capital" from 1st of 2009. At Recital A, the number of shares has been issued, then this

1. Definitions and Interpretation: "Business Hours" and the "Company" should be inserted and also the date of the Agreement.

Company, "Business Day", "Business Hours" and the "Company" should be inserted and also the date of the Agreement.

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

If the Company has its Articles of Association, then the new Articles should be inserted into the Agreement. The new Articles must be passed by a 75% majority of the shareholders and filed at Companies House. If the Clause 2.3 should be deleted together with "Articles" (at clause 1) and Schedule 2 itself. The numbering of the Schedule should be corrected to be

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

This clause is used to specify the Company Secretary (if the Company has

4. Representations and warranties: This clause gives the other shareholders a warranty and a representation that they will comply with the obligations contained in the Shareholder Agreement. This Clause gives the other shareholders a warranty and a representation that they will comply from the outset.

Each shareholder makes both a warranty and a representation that they will comply with the obligations contained in the Shareholder Agreement. This Clause gives the other shareholders a warranty and a representation that they will comply from the outset.

5. Finance: This clause deals with the Company's financial obligations. The shareholders are not under any obligation to provide any money if the Company requires using its own money. Notes/debentures can be issued.

The shareholders are not under any obligation to provide any money if the Company requires using its own money. Notes/debentures can be issued.

6. Financial Information: This Clause requires the Company to keep adequate financial records.

The shareholders are required to procure that the Company keeps adequate financial records.

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31. Costs: This Clause requires the costs of drawing up the Shareholder Agreement.

32. Applicable Law and Jurisdiction: This Clause states that the Shareholder Agreement will be governed by either exclusive or non-exclusive jurisdiction. If non-exclusive jurisdiction is chosen, 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: Investment – The names of the subscribers and the amount they have subscribed for should be recorded here.

Schedule 2: Special Resolutions – If the company has passed special resolutions in Schedule 2 since its incorporation, then the company should include the paragraph in its Memorandum of Association which states the authorised capital has now been abolished. Removing the concept of authorised capital has now been abolished. Removing the concept of authorised capital has now been abolished.

Schedule 3: Loans – Any agreed to be included in this Schedule. The company can be deleted if not.

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

costs of drawing up the Shareholder

it states that the Shareholder option for the English courts to have 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-

number of shares for which they are subscribed for should be recorded here.

new Articles of Association, then the company should pass a 75% majority. Resolution 2 allows a company to remove the paragraph in its Memorandum of Association which states the authorised capital has now been abolished. Removing the concept of authorised capital has now been abolished.

be included in this Schedule. The

Executive Directors appointed under

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SAMPLE

- (1) < A >>
- (2) < B >>
- (3) < C >>
- (4) < D >>
- (5) >>
- (6) >>
- (7) >>
- (8) >>
- [(9) < e >>]

SHAREHOLDERS AGREEMENT

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").]

WHEREAS:

- A. At all material times the Company and at the date of this Agreement has an issued share capital of £<< amount >> divided into << number >> shares of £<< amount >> each.
- B. At all material times the registered and beneficial shareholders of the following number of shares of the Company have been issued as fully paid:

Shareholder A: << number of shares owned>>;
Shareholder B: << number of shares owned>>;
Shareholder C: << number of shares owned>>; and
Shareholder D: << number of shares owned>>.
- C. The Subscribers are to subscribe for << number of shares >> of the Company and all the Shareholders have agreed to regulate their relationship with 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 otherwise requires:

“Annual Business Plan”

“Articles”

“Auditors”

“Board”

“Business”

“Business Day”

“Business Hours”

“Clear Days”

“Company”

“Completion”

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d by the Executive Directors of the
of each Financial Year of the
the proposed objectives of the
pany and containing cash flow
erating budget for that Financial

Association of the Company [in
chedule 2 hereto] and the same as
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 any director
y Shareholder;

company 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>>;

is Agreement by all the parties to

“Confidential Information”

“Executive Directors”

“Family Trusts”

“Minority Shareholder”

“Non-Executive Directors”

“Ordinary Shares” or “Shares”

“Permitted Transfers”

“Privileged Relation”

“Reserved Matters”

“Service Agreements”

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each party to this Agreement (“the Informant”) which is disclosed to that party (“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, and the information shall not include any information in the public domain other than by the confidentiality obligations contained in this Agreement.

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

Shareholder who is an individual, who has been set up wholly for the benefit of that Shareholder (Settlor) and/or the Settlor’s family;

whose shareholdings constitute at least 10% of the share capital at that time;

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

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

Shareholder of his shares to: (i) the Shareholder, his Privileged Relations, his Family Trusts (or the trustees of those trusts), and (ii) if the Shareholder is a company, its directors and officers (as defined in section 1161(1) of the Companies Act 2006) to any company which is at any time from time to time a parent undertaking or a subsidiary undertaking of the Shareholder or a parent undertaking;

the Shareholder, his Privileged Relations, his Family Trusts (or the trustees of those trusts), and (ii) if the Shareholder is a company, its directors and officers (as defined in section 1161(1) of the Companies Act 2006) to any company which is at any time from time to time a parent undertaking or a subsidiary undertaking of the Shareholder or a parent undertaking;

as defined in Clause 17;

Service Agreements in the agreed terms and conditions between the Company and each of the Executive Directors;

“Shareholder”

“Share Transfer Provisions”

“Year”

1.2 Unless the context requires otherwise:

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

1.2.2 a statute or regulation, or any provision of a statute or regulation, means a reference to that statute or regulation as it exists at the relevant time;

1.2.3 “this Agreement” means this Agreement or any other 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;

1.2.4 Clauses and Schedules of this Agreement and to this Agreement, and to any Sub-clauses and Paragraphs of the Clauses and Schedules of this Agreement, are, unless otherwise stated, to be construed as references to Sub-clauses or Paragraphs of the Clauses and Schedules of this Agreement, in which the reference appears.

1.3 In this Agreement:

1.3.1 all agreements between the parties to the Agreement which are made in writing shall be joint and several;

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

1.3.3 any reference to a company includes any body corporate, unincorporated association, partnership or other 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.

Shareholders, the Subscribers, the () and any person to whom they have assigned their respective Shares pursuant to the terms of this Agreement and “Shareholder” shall include any person who becomes a Shareholder in accordance with the provisions of the Articles relating to the Share Transfer Provisions and expressions defined in those provisions shall have the same meaning in this Agreement;

365 (or in the case of a leap year, 366) days from the date of the Agreement and any reference to a year shall have the corresponding meaning in this Agreement;

365 (or in the case of a leap year, 366) days from the date of the Agreement and any reference to a year shall have the corresponding meaning in this Agreement;

reference in this Agreement to:

reference in this Agreement to:

reference in this Agreement to:

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reference in this Agreement to:

reference in this Agreement to:

reference in this Agreement to:

reference in this Agreement to:

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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.
- 2.2 Completion shall take place at the registered office of the Company or at such other place as the parties may agree in writing.
- 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 passed and the necessary resolutions are passed.]
- 2.4 Each of the Subscribers shall deliver to the Company the numbers of Ordinary Shares shown opposite his name in the Schedule 1 [(which includes the details of the amount shown in Column (3), the nominal value of such Shares to be subscribed for and the issue price of £<< amount (including any premium) >> per share)].
- 2.5 Subject to receipt of the necessary monies by the Company, the Board will allot and issue the Shares subscribed for.
- 2.6 [Each of the Shareholders shall deliver to the Company the amounts shown opposite their respective names in Schedule 3 as loans which shall comply with the provisions of the Articles.]

3. Administration

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

4. Representations

Each of the Shareholders represents and warrants 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.

5. Finance

- 5.1 No Shareholder shall be required to provide any further funding to the Company in excess of the funding agreed pursuant to the Agreement.
- 5.2 Any finance required by the Company in addition to that agreed pursuant to the Agreement shall be provided by way of bank facility from the

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Company's bankers in writing by all the S

market sources upon terms agreed

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 by any Shareholder by way of a ms and conditions contained in]

5.4 If any finance requ notes or debentures the Shareholders pr

to be raised by the issue of loan d/or debentures shall be offered to oldings from time to time.

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 shall pro

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 <<

punts 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 stating Share to be subscri

ddition to those provided for in this ure 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 tice accompanied by payment in

7.3 Any Shares referre Shareholders do n the manner stated within <<Insert num

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

specified in Sub-Clause

8. Transfer of Shares

8.1 Other than Permitted charge, encumber except in accordance

8.2 Subject to Sub-clause his Shares to any of

8.2.1 the transfer

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

8.2.3 the other Share but not the of which the number capital at the arrangement

8.2.3.1 for the the S

8.2.3.2 for the terms to be certificate[s]

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

8.2.4.1 state Share Sub-Share

a)

b)

8.2.4.2 If the Offer fix a (the " number days

8.2.4.3 If the

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

Clause 10, a Shareholder may transfer

with the Share Transfer Provisions;

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.];

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

and upon the terms specified in

defined in Clause 11 below,

the executed transfer and relative

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

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

consideration per share and the Seller's Offer; or

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

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 the Buyer's Notice.

r wishes to request the Auditors to

- value of the Shares to be purchased by the Buyer shall be the fair market value of the Shares as soon as practicable after the date of the Audit.
- 8.2.5 Failure to grant the option to the Purchasing Shareholder as provided by Sub-clause 8.2.4 shall be deemed a breach of this Agreement.
- 8.2.6 A Buyer's Notice shall be binding and the Buyer shall be obliged to purchase the Shares which he has so elected to purchase; and
- 8.2.7 If the Seller does not elect to sell the Offered Shares to the Purchasing Shareholder(s), the Seller shall be free with respect to the Offered Shares after the expiry of a period of <<Insert number of days>> days following the date of the Buyer's Notice to transfer all of the Offered Shares or part thereof to any third party for any consideration per share and upon the condition that the transferee shall be bound only to the transferee named in the Buyer's Notice and only 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 8.2.4 shall apply where any Shareholder sells, transfers, mortgages, or otherwise disposes of any Share or any interest therein, provided that such disposal has been approved by all or a 75% majority of the other Shareholders.
- 8.4 In circumstances where a Shareholder is referred to in that Sub-clause 8.2.4, it is provided that:
- 8.4.1 the transfer of the Shares shall be subject to the Share Transfer Provisions;
- 8.4.2 the Shareholder shall give written notice (the "Seller's Notice") to the Purchasing Shareholder 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 such transfer occurring in relation to the Offered Shares, the Seller shall be deemed to have accepted the Offer of the Purchasing Shareholders shall be deemed to have accepted the Offer of the Purchasing Shareholders shall purchase any or all of the Offered Shares in accordance with Clause 8.2.4 upon the execution of the executed transfer agreement.
- 8.6 The circumstances where the Seller shall be deemed to have accepted the Offer of the Purchasing Shareholders are:
- 8.6.1 If, being a controlling Shareholder, the Seller owns equal to or more than 50% of the Company at that time, goes into liquidation or is wound up, except for the purposes of a *bona fide* reorganization of the Company.

fide reconstruction of the Company by the Shareholder or by an administrator or administrative receiver or manager appointed over the Company;

8.6.2 [if, being an employee of the Company, he dies;]

8.6.3 in the event of a winding up of the Company he is not entitled to any dividend made against the Shares in the winding up;

8.6.4 if any Shareholder is in breach of any of his obligations under this Clause 8 and fails to remedy such a breach (if the number of days e.g. 30>> days after being given notice by the Shareholders so to do;

8.6.5 if any Shareholder is an employee of the Company and retires from his position;

with the consent of all the other Shareholders (or if such consent is unreasonably withheld,) or has been appointed an administrative receiver or manager of the Company or its undertaking;

he dies;]

made against the Shares in the winding up;

[material] breach of any of his obligations under this Clause 8 and fails to remedy such a breach (if the number of days e.g. 30>> days after being given notice by the Shareholders so to do;

employee of the Company retires from his position;

9. [Minority Shareholder Take-over]

If at any time the holder(s) of a specified percentage of the issued share capital conferring the right to elect directors (the "Majority Shareholders") have agreed to sell their Shares to independent purchasers in the ordinary course of business, the Minority Shareholders shall have the option but not the obligation to sell their Shares on the same terms and conditions as the Majority Shareholders, and the Shareholders shall be bound by the provisions in the Articles or otherwise relating to this Clause 9.]

e.g. 90 >>% of the issued share capital of the Company (the "Majority Shareholders") the Minority Shareholder shall have the option but not the obligation to sell their Shares to the Buyer on the same terms and conditions as the Majority Shareholders, and the Shareholders shall be bound by the provisions in the Articles or otherwise relating to this Clause 9.]

10. Options of Minority Shareholder

10.1 In any of the circumstances set out in Sub-clause 10.2 below any Minority Shareholder (or in the case of a company, its directors, representatives, or administrative receiver or manager) shall have the option but not the obligation to sell to the other Shareholders all of the Shares owned by him or the Company upon the occurrence of any of the circumstances set out in Sub-clause 10.2 below.

10.2 The circumstances set out in Sub-clause 10.1 are:

10.2.1 if, being an individual, the Shareholder dies;

10.2.2 if (being an individual or a company) the Minority Shareholder ceases to be an employee of the Company by reason of his retirement or after a specified number of years e.g. 60>> years;

10.2.3 if (being an individual or a company) the Minority Shareholder ceases to be an employee of the Company at any time by reason of his dismissal by an employment tribunal, an order of a court of law or as expressly accepted as unfair by the Minority Shareholder) his unfair dismissal;

10.2.4 if, being a company, the Minority Shareholder goes into liquidation or has an administrator, receiver, or administrative receiver appointed over it;

Sub-clause 10.2 below any Minority Shareholder (or in the case of a company, its directors, representatives, or administrative receiver or manager) shall have the option but not the obligation to sell to the other Shareholders all of the Shares owned by him or the Company upon the occurrence of any of the circumstances set out in Sub-clause 10.2 below.

10.1 are:

Shareholder dies;

(company) the Minority Shareholder ceases to be an employee of the Company by reason of his retirement or after a specified number of years e.g. 60>> years;

(company) the Minority Shareholder ceases to be an employee of the Company at any time by reason of his dismissal by an employment tribunal, an order of a court of law or as expressly accepted as unfair by the Minority Shareholder) his unfair dismissal;

Shareholder goes into liquidation or has an administrator, receiver, or administrative receiver appointed over it;

administrative
assets or un

10.2.5 if any other
obligations u
capable of
after being g

10.3 The option referred
(the "Minority Share
days of the event
clause 10.2.1 abo
Shareholder within
circumstances de
administrator, recei
part of the Minority
period e.g. 1 year>>
receivership or adm
shall be given in writ

10.3.1 state that th
its a liquid
manager) e
determined
against deliv

10.3.2 fix a date at
number of d
after the dat

10.4 Following the serv
Shareholders unde
be obliged to pur
Shareholder which
the time that the Mi

11. Valuation of Shares

The sale and purchase pri
8.5 and 10.3.1 above shal
days>> of the request for a
as the Auditors shall certifi
between a willing buyer and
the date of the notice exerc
Shares represent a minority

12. The Board

12.1 Unless otherwise ag

12.1.1 those listed
directors of t

12.1.2 << Name >
pursuant to t

12.2 Any question arisi

appointed over any part of its

ny [material] breach of any of its
d fails to remedy such a breach (if
number of days e.g. 30>> days
ty Shareholder so to do.

ove shall be exercisable on notice
<<Insert number of days e.g. 90>>
circumstances described in Sub-
representatives of the Minority
. 1 year>> of his death, or (in the
e 10.2.4 above) a liquidator,
er or manager appointed over any
undertakings within <<Insert time
of such liquidation, administration,
The Minority Shareholder's Notice
eholders and shall:

or his personal representatives or
eiver, administrative receiver or
option at a price per share to be
use 11 below, terms to be cash
fer and relative certificate[s]; and

n Date") not sooner than <<Insert
n <<Insert number of days>> days
exercising such option.

reholder's Notice upon the other
Clause 10, each Shareholder shall
of the Shares of the Minority
to the total issued share capital at
ce is issued.

ferred under Sub-Clauses 8.2.3.2,
Auditors within <<Insert number of
Sub-Clauses and shall be such sum
the fair value of such Shares as
acting at arm's length terms as at
hout taking into account that such
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chedule 4 will be appointed as the
the Articles; and

s the first chairman of the Board

the Board, other than Reserved

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Matters, shall be de

tes of the directors present.

12.3 The Board will be
directors and may e

ers by written resolution of all the
ccordance with the Articles.

12.4 Meetings of the B
required or as req
intervals of more th
from the date herec
least <<Insert numb
given of each mee
detail as is practic
unless all the direct
matters shall be res
in the notice of the
may attend meeting

t such time or times as may be
directors but not in any event at
months e.g. 3>> months calculated
ed in writing by all the directors, at
ar Days' notice in writing shall be
notice shall specify in as great a
considered at the meeting and,
ed alternates) agree otherwise, no
the Board except those specified
ctors and Non-Executive Directors
eans authorised by the Articles.]]

12.5 The quorum neces
directors present in
pursuant to Clause
such longer time
appointed for a me
same time and plac
the adjourned meet
time appointed fo
representing at lea
shall be dissolved.

eting of the Board shall be two
t one shall be a director appointed
t present within thirty minutes (or
e Board may allow) of the time
meeting shall be adjourned to the
ollowing the original meeting. If at
ent within fifteen minutes from the
otherwise agreed by directors
r number) the adjourned meeting

13. [Minority Shareholder Rig

13.1 The Minority Share
Board as a Director
least [one] OR [<<
right to vote at a Ge

ve the right to a position on the
ong as they retain ownership of at
re[s] in the Company carrying the
npany.

13.2 Each Shareholder u
appointed and is/at
Company both thro
and by causing the
meetings as is requ

the Minority Shareholder[s] is/are
n necessary as a Director of the
General Meetings of the Company
to vote in such manner at Board
Clause 13.

13.3 The Shareholders a
remove from office
reappointment to th
also a Shareholder
Shareholder as a D
shall forfeit his right
shall be removed
Director of the Com

owers as shareholders to promptly
tes against the appointment or
shareholder[s]. Any Director who is
the appointment of a Minority
f this Clause 13 of this Agreement
e of Director of the Company and
d shall not be reappointed as a
od of << e.g. 12 >> months.

13.4 [The Minority Share
Board to act as D
Director shall bene
Minority Sharehold
Minority Sharehold

tted to appoint a third party to the
g office himself. The third party
this Clause 13 as if he were the
removed with the consent of the
ed in this Agreement.]]

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14. **Shareholder Meetings**

14.1 Any question arising at any meeting shall be decided in accordance with the resolution of the Shareholders. Any matters by the written resolution of the Shareholders.

14.2 All votes of the Shareholders shall be determined by a show of hands of those Shareholders present at the meeting, unless a poll vote is requested. A poll vote shall be taken by:

14.2.1 the chairman of the meeting;

14.2.2 at least two other Shareholders;

14.2.3 Shareholders holding at least one tenth of the issued share capital carry the vote on the resolution; or

14.3 Shareholder meetings shall be held at such time or times as may be determined by the Directors or Shareholders. Unless otherwise agreed in writing, at least 14 Clear Days' notice in writing shall be given to all the Shareholders entitled to attend and vote at the Shareholder meeting. The notice shall specify in as great a detail as is practicable the business to be transacted at the meeting. [This provision is subject to Sub-clause 14.4.]

14.4 The Company shall hold an annual general meeting Yearly and in any event not more than 15 months after the date of one annual general meeting of the Company. Unless otherwise agreed in writing by all the Shareholders, at least 14 Clear Days' notice in writing shall be given to all the Shareholders entitled to attend and vote at the annual general meeting. The notice shall specify in as great a detail as is practicable the business to be transacted at the meeting. [This provision is subject to Sub-clause 14.5.]

14.5 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. If a quorum is not present within thirty minutes of the time appointed for the meeting, the meeting shall be dissolved.

15. **Company Communication**

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

16. **Management**

16.1 The Executive Directors shall be responsible for the day to day administration and management of the Company within the terms of the Annual Business Plan. The Directors shall perform such duties as may be delegated to them and shall be under their obligation to comply with all decisions and directions of the Executive Directors shall be

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- 17.1.4 create or grant any mortgage or charge (whether fixed or floating) or any other security interest in the whole or any part of its assets;
- 17.1.5 lend, advance or guarantee the indebtedness of any person, firm or corporation;
- 17.1.6 change the nature of its business or undertake any business other than that of the Company;
- 17.1.7 instigate any proceedings in respect of the debts owing to it in the ordinary course of business;
- 17.1.8 have as its financial year any period other than a period of 12 months and the date of its balance sheet for end of any accounting period any date other than the date of its balance sheet for end of accounting period>>.
- 17.2 The Shareholders shall ensure that the Company shall not enter into any transaction contemplated by this Agreement without the prior written consent of the Shareholders passing a special resolution approving the action at a Shareholders Meeting obtaining the prior written consent of the Shareholders holding not less than 75% of the total voting rights of eligible Shareholders.
- 17.2.1 appoint or remove any director of the Company;
- 17.2.2 other than in the ordinary course of business transfer or otherwise dispose of or dispose of or dispose of the whole or any substantial part of the assets of the Company whether by one transaction or a series of transactions;
- 17.2.3 acquire any long term contract or commitment or investment with a value in excess of <<Insert amount>> save in respect of machinery, plant and equipment required in the ordinary course of the business of the Company of which the Shareholders have a substantial interest;
- 17.2.4 purchase or lease or otherwise acquire or dispose of a freehold estate or interest;
- 17.2.5 engage any director, officer, employee, or consultant or agent for a remuneration of <<Insert amount>> per annum or increase <<Insert amount>> per annum the Company's directors, officers, employees, consultants or agents;
- 17.2.6 acquire or dispose of any shares, debentures, debenture stock or other securities in any company;
- 17.2.7 allow the Company to borrow money or to raise money by the issue of debentures or otherwise;
- 17.2.8 in respect of any amount payable by the Company by way of dividend, bonus or otherwise in any Financial Year of the Company.

18. Dividend Policy

A minimum of <<Insert percentage>> of the distributable profit of the Company in each Financial Year of the Company shall be paid to the Shareholders from the audited accounts of the Company for such period as the Board of Directors shall determine. The dividends to the Shareholders (net of

Advance Corporation Tax) after delivery of the relevant documents and the Shareholders shall authorise the directors of the Company to procure

number of months e.g. 3>> months
directors of the Company for approval
the rights and powers as members

19. Winding Up

19.1 If at any time an obligation to wind up the Company arises the Shareholders shall immediately take all necessary steps to secure the timely winding up of the Company. The Shareholders shall at a General Meeting of the Company nominate or elect the directors of the Company to take all necessary steps at a board meeting to approve the winding up of the Company and to take on to any other steps which are required to secure the timely winding up of the Company.

Company arises the Shareholders shall immediately take all necessary steps to secure the timely winding up of the Company. The Shareholders shall at a General Meeting of the Company nominate or elect the directors of the Company to take all necessary steps at a board meeting to approve the winding up of the Company and to take on to any other steps which are required to secure the timely winding up of the Company.

19.2 The Shareholders shall appoint a liquidator. If the Shareholders are unable to come to a decision, the Company's Auditors shall appoint the liquidator.

liquidator is a properly licensed liquidator. If the Shareholders are unable to come to a decision, the Company's Auditors shall appoint the liquidator.

19.3 In order to recover the assets of the Company in its winding up, the Shareholders shall, to the maximum extent permitted by law, authorise the directors of the Company in doing so may avail themselves of any right of set-off or other act or

may be available from the Company in its winding up, the Shareholders shall, to the maximum extent permitted by law, authorise the directors of the Company in doing so may avail themselves of any right of set-off or other act or

20. Confidentiality

20.1 In relation to Confidential Information that exceeds the scope of the Informant that exceeds the scope of the Informant, he or she shall, at all times during the term of the Agreement and within <<Insert time period e.g. 5 years>>

the Recipient undertakes with the Informant that exceeds the scope of the Informant, he or she shall, at all times during the term of the Agreement and within <<Insert time period e.g. 5 years>>

20.1.1 use his or her Confidential Information;

keep confidential all Confidential Information;

20.1.2 not disclose Confidential Information to any other person except its directors, bankers, lenders, partners, professional advisers, in each case only where such disclosure is required by law or where such disclosure is required to comply with obligations, or where such disclosure is required to comply with obligations, or where such disclosure is required to comply with obligations;

disclosure to any other person except its directors, bankers, lenders, partners, professional advisers, in each case only where such disclosure is required by law or where such disclosure is required to comply with obligations, or where such disclosure is required to comply with obligations;

20.1.3 not use any Confidential Information for any purpose otherwise than as contemplated by the terms of this Agreement;

for any purpose otherwise than as contemplated by the terms of this Agreement;

20.1.4 not make any Confidential Information available in any way or part with possession of Confidential Information;

in any way or part with possession of Confidential Information;

20.1.5 ensure that Confidential Information is not disclosed to any other person except its directors, bankers, lenders, partners, professional advisers, in each case only where such disclosure is required by law or where such disclosure is required to comply with obligations, or where such disclosure is required to comply with obligations;

or advisors does any act which, if it is not required by law or where such disclosure is required to comply with obligations, or where such disclosure is required to comply with obligations;

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

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

21. **Non Competition and Non Solicitation**

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

21.1 for a period of <<Insert number of months>> month[s] after his ceasing to be a Shareholder, he, jointly with or as manager or agent for any person, shall not carry on or be engaged in any business whose Business is in the same town, city or region in which the Company is established;

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

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

22. **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.

23. **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.

24. **Notices and Service**

24.1 All notices to be given to the Company shall be delivered personally or by cable, facsimile transmission or by email;

24.1.1 in the case of a notice given to the Company personally, at the time of delivery;

24.1.2 in the case of a notice given to the Company by first class prepaid post, 2 Clear Business Days after the date of dispatch;

24.1.3 in the case of a notice given to the Company by airmail, 7 Business Days (being Business Days) after the date of dispatch;

24.1.4 in the case of a notice given to the Company by electronic transmission or email, if sent during normal business hours at the time of transmission and if it is not received then on the next following Business Day (or the next following Business Day) that a confirmatory copy is sent

- by first class mail and by the end of the next Business Day.
- 24.2 Any notice to a Shareholder shall be sent to the address of such Shareholder as set forth in the Certificate of Incorporation or to such other address as such Shareholder may have designated in writing to this Clause.
- 24.3 [Any notice to the Shareholder shall be sent to the registered offices of the Company or to such other address as the Company may have designated pursuant to this Clause.]
25. **No Partnership or Agency**
- 25.1 This Agreement shall not be construed as to create a partnership or joint venture between any parties.
- 25.2 Nothing in the Agreement shall be construed so as to constitute any of the parties the agent of any other party.
26. **No Waiver**
- No failure or delay by either party in exercising 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 of this Agreement.
27. **Severance**
- If any provision of this Agreement shall be held by a court of competent authority to be invalid or unenforceable, the remaining provisions of this Agreement shall continue to be valid and enforceable, and the invalid or unenforceable provision shall be deemed to be modified so as to conform to applicable law.
28. **Entire Agreement**
- 28.1 This Agreement constitutes the entire agreement between the parties and supersedes and replaces all other agreements and understandings between the parties.
- 28.2 Each party acknowledges that in entering into this Agreement, it is not relying on any representation or warranty of the other party, except as expressly stated in this Agreement.
- 28.3 Without limiting the remedies available at law or in equity, neither party shall have any claim or remedy in respect of any breach of contract or breach of this Agreement made to him upon which he may rely, and a party's only remedy is for breach of this Agreement purports to exclude liability for any fraud or intentional tort.
29. **Non – Assignment**
- This Agreement is personal to the parties and neither party may assign, mortgage, [or sub-license] any of its rights or obligations hereunder, or sub-contract any of its obligations hereunder, without the prior written consent of the other party.

except with the written consent of the other party

30. **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.

continuation of this Agreement and do all such documents as may be reasonably necessary in order to give effect to the provisions of this Agreement.

31. **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 party who caused them to be incurred.

legal and accountancy expenses) of the preparation, negotiation, and execution of this Agreement and associated documentation shall be borne by the party who caused them to be incurred.

32. **Applicable Law and Jurisdiction**

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

construed in accordance with the laws of England and Wales.

32.2 The parties agree to submit to the exclusive [or non-exclusive] jurisdiction of the courts of England and Wales in connection with this Agreement.

[exclusive] [non-exclusive] jurisdiction of the courts of England and Wales in connection with this Agreement.

IN WITNESS WHEREOF this Agreement has been executed and signed by the parties before written

executed the day and year first 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

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<< Name of Subscriber >>

[SIGNED by

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

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Name of Subscriber

Or

(3)
Amount Paid

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1. That the articles of association << Articles of Association >> 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 £	
<<	>>	<<	>>
<<	>>	<<	>>
<<	>>	<<	>>
<<	>>	<<	>>
<<Insert terms and conditions for loan in this Agreement>>			

<<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