

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

**Priority Shareholder Bias** includes the

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

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

Note that the parties to a shareholder agreement can be individuals or private limited companies (although they can also be partnerships, which is less common). The parties may be the same or different and often the principal parties will be the founders of the created vehicle. Whoever the parties are, extra thought may need to be given to certain provisions if corporate entities are involved.

Parties can be individuals or private limited companies, for example, partnerships, but this agreement is for companies or a combination of the two. The Company should be specifically named in the drafting of the contract, however more thought should be given to the transfer provisions if corporate entities are involved.

Recitals: Since the Companies Act 2006 came into force on October 2009, the issued share capital should be inserted in the recitals.

of "authorised share capital" from 1st October 2009. At Recital A, the number of shares issued should be inserted.

1. Definitions and Interpretation: This clause defines "Business Hours" and the "Company" share capital and also the date of the Agreement.

company, "Business Day", "Business Hours" and the number of Ordinary Shares must be inserted in the Agreement.

2. Administration: This is an optional clause which allows the Secretary (if the Company has one) to be appointed.

used to specify the Company Secretary and other administrative details.

3. Representations and warranties: This clause requires each shareholder to make both a warranty and a representation that they are not aware of any obligations contained in the Shareholder Agreement. Other shareholders may sue the shareholder for misrepresentation and/or breach of warranty. This Clause gives comfort from the outset.

Each shareholder makes both a warranty and a representation that they are not aware of any obligations contained in the Shareholder Agreement. Other shareholders may sue the shareholder for misrepresentation and/or breach of warranty. This Clause gives comfort from the outset.

4. Finance: This clause deals with the Company's ability to borrow money under any obligation to provide any money is requires using its shares. Notes/debentures can be issued.

Company. The shareholders are not aware of any obligations contained in the Shareholder Agreement. The Company will endeavour to borrow money under any obligation to provide any money is requires using its shares. Notes/debentures can be issued.

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

holders to procure that the Company keeps adequate financial records.

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

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

7. Transfer of Shares: This Clause restricts the transfer of shares by shareholders. It will not apply to transfers to spouses or widowers of shareholders and to transfers to Family Trusts or to group companies. If a shareholder wishes to transfer his shares to any other person, he must first offer the shares to the other shareholders who will then have an option to purchase the shares pro rata to their shareholding. If a shareholder wishes to transfer his shares to any other person, he must first offer the shares to the other shareholders who will then have an option to purchase the shares pro rata to their shareholding. If a shareholder wishes to transfer his shares to any other person, he must first offer the shares to the other shareholders who will then have an option to purchase the shares pro rata to their shareholding. Clause 7.2.4.

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There are optional provisions in the Agreement.

7.6 whereby a shareholder will be able to purchase the shares pro rata to their shareholding.

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deemed to have served an administration or receivership breaches the Shareholder Agreement as an employee of the Company Shareholders.

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 Minority

8. Tag Along: This is an optional majority shareholders have agreed their shares on the same terms shareholders.

Shareholders the right, where the an independent third party, to sell that third party and the majority

9. Options of Minority Shareholder representative or liquidator, appointed over any part of its to buy its shares in the event shareholder breaches the Share

Minority Shareholder, his personal administrative receiver or manager right to force the other shareholders stration or receivership, or any other specified number of 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 recorded in the fields. If the Minority Clause 12, then Sub-Clause 1 one of the directors appointed

Directors to the board and the between board meetings should be appoint a director is retained under meetings may be held until at least ers is present.

12. Minority Shareholder Right to a director. This right subsists of the issued share capital. To undertake to ensure that the appointed appoint a third party in their place

Minority Shareholder is given the right to be specified percentage of the nominal value inserted. All the shareholders the Minority Shareholder(s) can e rights as director.

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

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

14. 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

15. 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.

in the affairs of the Company within any duties given to them by the Business Plan and prepare management ement assumes that the Business Sub-Clause 15.2 states that the first n the date that this Agreement is

If any of the shareholders were retained. The document "information about tax relief.

their shares, clause 15.4 should be "Notes" should be read for more

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

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

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Schedule 2: Directors of the Company  
Clause 12 should be named here

Executive Directors appointed under

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(2) < B >>

(3) < C >>

(4) < D >>

[(5) < e >>]

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SHAREHOLDERS AGREEMENT

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**THIS AGREEMENT** is made the << >> <<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) [“The Company”: <<Name of Company>> company incorporated in <<Insert Country of incorporation>> <<Company number>> whose registered office is at <<Insert registered office address>> ]

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**WHEREAS:**

- A. At all the material times the Company has been a limited company and at the date of this Agreement has an issued share capital of <<insert issued share capital>>.
- B. At all the material times the Company has had the following number of shares registered and beneficial holders of which are held as fully paid:
  - Shareholder A: <<insert number of shares owned>>;
  - Shareholder B: <<insert number of shares owned>>;
  - Shareholder C: <<insert number of shares owned>>; and
  - Shareholder D: <<insert number of shares owned>>.
- C. The parties to this Agreement have agreed to regulate relations between themselves and the affairs of the Company in accordance with the terms and subject to the conditions of this Agreement.

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**IT IS AGREED** as follows:

**1. Definitions and Interpretation**

1.1 In this Agreement, unless the context otherwise requires: “Annual Business Plan”

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as determined by the Executive Directors of the Company 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.

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**“Articles”**

Association of the Company and amended from time to time;

**“Auditors”**

(as constituted from time to time) of the Company and who are appointed the accountants and auditors of the Company from time to time;

**“Board”**

Directors (as constituted from time to time) of the Company and comprising the Executive Directors and any director appointed by Shareholder;

**“Business”**

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

**“Business Day”**

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

**“Business Hours”**

the business hours of Company>>;

**“Clear Days”**

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

**“Company”**

>>, a company incorporated in the United Kingdom under the Companies Act 2006 (or its predecessor legislation) under No. <<Insert the company number>> whose registered office is at <<Insert the registered office of Company>>;

**“Completion”**

the completion of this Agreement by all the parties to the Agreement;

**“Confidential Information”**

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

**“Executive Directors”**

the persons named in part 1 of Schedule 2 who are the Executive Directors of the Company;

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**“Family Trusts”**

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

**“Minority Shareholder”**

whose shareholdings constitute  
percentage e.g. 10% of the  
share capital at that time;

**“Non-Executive  
Directors”**

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part 2 of Schedule 2, who shall be  
Directors of the Company,

**“Ordinary Shares” or  
“Shares”**

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

**“Permitted Transfers”**

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

**“Privileged Relation”**

will partner, widow or widower of a  
Shareholder’s children and  
including step and adopted children), and  
grandchildren of the Shareholder’s children;

**“Reserved Matters”**

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reserved to in Clause 16;

**“Service Agreements”**

agreements in the agreed terms  
between the Company and each of the Executive

**“Shareholder”**

Shareholder A, Shareholder B, Shareholder C,  
Minority Shareholder(s) and any  
Shareholder(s) may transfer their respective  
shares in accordance with the  
Articles of this Agreement;

**“Share Transfer  
Provisions”**

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of the Articles relating to the  
words and expressions defined in those  
Articles shall have the same meaning in this Agreement;

**“Year”**

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365 (or in the case of a leap year,  
366) commencing on <<Date of Agreement>> and any  
reference to a year during the continuance of this  
Agreement shall have the corresponding



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- 1.2 Unless the context requires otherwise, a reference in this Agreement to:
  - 1.2.1 “writing”, and any other form of communication, includes a reference to any communication by electronic means, facsimile transmission, email or any other electronic means;
  - 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” or any other agreement or document referred to in this Agreement includes a reference to that agreement or document or such other agreement or document which has replaced, supplemented, modified or novated this Agreement from time to time, including Schedules; and
  - 1.2.4 Clauses and Schedules of this Agreement refer to Clauses and Schedules of this Agreement and to this Agreement, and Sub-clauses and Paragraphs refer to Sub-clauses and Paragraphs of the Clause or Schedule to which the reference appears.

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- 1.3 In this Agreement:
  - 1.3.1 all agreements entered into by the parties to the Agreement which are intended to be binding on the parties 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 shall include the singular 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.

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2. **[Administration**

- Unless otherwise agreed by the parties to this Agreement:
  - 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 << name of bankers >>.]

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3. **Representations**

Each of the Shareholders (including the Company) 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 him being in breach of a default under any agreement or other contractual restriction.

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4. Finance

- 4.1 No Shareholder shall be required to provide any further funding to the Company or to provide any further funding agreed pursuant to the terms of this Agreement.
- 4.2 Any finance required for the Company under 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.
- 4.3 To the extent that such finance is not available or is not available for any reason, any funds advanced as a loan shall be in accordance with the terms and conditions contained in Schedule 1.
- 4.4 If any finance required for the Company is to be raised by the issue of loan notes or debentures, such notes or debentures shall be offered to the Shareholders pro rata in accordance with their respective holdings from time to time.
- 4.5 Any guarantees or indemnities in respect of the obligations of the Company shall be divided between those Shareholders who have provided such guarantees or indemnity in the proportions which they have borne to the total issued shares at the time being bear to the total issued shares.
- 4.6 Any cash and surplus funds of the Company shall be held by the Company on deposit with banks and with institutions approved by the Board.

for any shares or to provide any further funding to the Company or to provide any further funding agreed pursuant to the terms of this Agreement.

in addition to that agreed 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.

or in Sub-clause 4.2 is not possible, any funds advanced as a loan shall be in accordance with the terms and conditions contained in Schedule 1.

to be raised by the issue of loan notes or debentures, such notes or debentures shall be offered to the Shareholders pro rata in accordance with their respective holdings from time to time.

all or any of the Shareholders in respect of the obligations of the Company shall be divided between those Shareholders who have provided such guarantees or indemnity in the proportions which they have borne to the total issued shares at the time being bear to the total issued shares.

me held by the Company shall be held by the Company on deposit with banks and with institutions approved by the Board.

5. Financial Information

- The Shareholders shall provide the following information:
- 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 << date of the meeting;
- 5.3 permits all directors to have full access to the financial and accounting records of the Company on reasonable notice during Business Hours.

and other records relating to the conduct of its business;

accounts in accordance with standard accounting practice and delivers copies of the same to each Shareholder not later than the << date of the meeting;

ve full access to the financial and accounting records of the Company on reasonable notice during Business Hours.

6. Issue of Shares

- 6.1 If the Company wishes to issue shares, it shall give notice to each Shareholder stating the number of shares to be issued and the price per Share to be subscribed for.
- 6.2 Each Shareholder shall be entitled to subscribe for shares, but not the obligation to subscribe at the price stated in the notice.

dition to those provided for in this Agreement, the Company shall give notice to each Shareholder stating the number of shares to be issued and the price per Share to be subscribed for.

not the obligation to subscribe at the price stated in the notice.

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the price set forth in the certificate of the Shares proposed to be issued shall be the price set forth in the certificate of the Shares proposed to be issued at the time of the exercise of the option. This option may be exercised by notice in writing to the Company within <<Insert number of days>> days following the date of the exercise of the option, and the exercise shall be full for the Shares to which the option relates.

for that proportion of the Shares which the option bears to the total issued share capital at the time of the exercise of the option. This option may be exercised at any time within <<Insert number of days>> days following the date of the exercise of the option, and the exercise shall be full for the Shares to which the option relates.

6.3 Any Shares referred to in this Clause 6.3 which are not held by the Shareholders do not constitute Shares for the purposes of this Clause 6.3. The manner stated in this Clause 6.3 shall apply within <<Insert number of days>> days following the expiry of the option period specified in Sub-Clause 6.2.

Notice with respect to which the option may be issued by the Company in writing to the Company provided such sale is completed within <<Insert number of days>> days following the expiry of the option period specified in Sub-Clause 6.2.

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7. **Transfer of Shares**

7.1 Other than Permitted Transfers, a Shareholder shall not sell, transfer, mortgage, charge, encumber or otherwise dispose of any Share or any interest therein except in accordance with this Clause 7.

7.1 Other than Permitted Transfers, a Shareholder shall not sell, transfer, mortgage, charge, encumber or otherwise dispose of any Share or any interest therein except in accordance with this Clause 7.

7.2 Subject to Sub-clause 7.2.1, a Shareholder may transfer his Shares to any other person.

7.2 Subject to Sub-clause 7.2.1, a Shareholder may transfer his Shares to any other person.

7.2.1 the transfer shall be subject to the Share Transfer Provisions;

7.2.1 the transfer 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.];

7.2.2 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 Seller bears to the total issued share capital at the time of the offer, on either of the following terms:

7.2.3 the other Shareholders shall have an irrevocable and exclusive option to purchase that proportion of the Offered Shares which the Seller bears to the total issued share capital at the time of the offer, on either of the following terms:

7.2.3.1 for the period specified in the Seller's Offer and upon the terms specified in the Seller's Offer;

7.2.3.1 for the period specified in the Seller's Offer and upon the terms specified in the Seller's Offer;

7.2.3.2 for the period specified in the Seller's Offer and upon the terms specified in the Seller's Offer, as amended in Clause 10 below, and relative to the executed transfer and relative to the Seller's Offer;

7.2.3.2 for the period specified in the Seller's Offer and upon the terms specified in the Seller's Offer, as amended in Clause 10 below, 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, if the recipient Shareholder shall (if he wishes to purchase the Shares) give written notice (the "Buyer's Notice") to the Seller, which notice shall:

7.2.4 within <<Insert number of days>> days after the receipt (or deemed receipt) of the Seller's Offer, if the recipient Shareholder shall (if he wishes to purchase the Shares) give written notice (the "Buyer's Notice") to the Seller, 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

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)

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

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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 for the price per share determined in accordance with Clause 7.6. The circumstances above are:

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 for the price per share determined in accordance with Clause 7.6. The circumstances above are:

7.6 The circumstances

above are:

7.6.1 If, being a controller of the Company, the Shareholder, whether controlling or not, goes into liquidation (whether or not *bona fide* reconstruction) or has an administrative receiver or manager appointed over his assets;

owning equal to or more than 50% of the Shares at that time, goes into liquidation (whether or not *bona fide* reconstruction) or has an administrative receiver or manager appointed over his assets;

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

er dies;]

7.6.3 in the event of a breach of any of his obligations under the Articles or otherwise to this Clause 8.]

made against the Shares in the Company he is entitled to demand;

7.6.4 if any Shareholder fails to remedy such a breach (if the Shareholder is capable of doing so) after being given a written notice to do so;

[material] breach of any of his obligations under the Articles or otherwise to this Clause 8.] and fails to remedy such a breach (if the Shareholder is capable of doing so) after being given a written notice to do so;

7.6.5 if any Shareholder ceases to be an employee of the Company by reason of his retirement;

employee of the Company retires

8. [Minority Shareholder Takeover]

If at any time the holder(s) of the Shares representing a majority 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 event of a takeover, the Minority Shareholders shall have the option but not the obligation to purchase any or all of the Shares on the same terms and conditions as the Majority Shareholders, and the Shares shall be sold to the Buyer in accordance with the provisions in the Articles or otherwise to this Clause 8.]

e.g. 90 >>% of the issued share capital conferring the right to elect directors of the Company (the "Majority Shareholders") have agreed to sell their Shares to independent purchasers in the event of a takeover, the Minority Shareholder shall have the option but not the obligation to purchase any or all of the Shares to the Buyer on the same terms and conditions as the Majority Shareholders, and the Shares shall be sold to the Buyer pursuant to this Clause 8.]

9. Options of Minority Shareholders

9.1 In any of the circumstances set out in sub-clause 9.2 below any Minority Shareholder (or in the case of a company, any director, representative, or administrative receiver or manager of the company) shall have the option but not the obligation to purchase any or all of the Shares of the Company upon the same terms and conditions as the Majority Shareholders.

Sub-clause 9.2 below any Minority Shareholder (if an individual) his personal assets (whether or not in liquidation, as liquidator, administrator, receiver, or administrative receiver or manager) are sold over any part of its assets or the obligation to sell to the other Shareholders by the Minority Shareholder in the event of a takeover as set out in Sub-clause 9.3 below.

9.2 The circumstances

9.1 are:

9.2.1 if, being an individual, the Shareholder dies;

Shareholder dies;

9.2.2 if (being an employee of the Company) the Minority Shareholder ceases to be an employee of the Company by reason of his retirement;

company) the Minority Shareholder ceases to be an employee of the Company by reason of his retirement;

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on or after  
years;

insert number of years e.g. 60>>

9.2.3 if (being an employee) ceases to be employed by the Company as a result of a wrongful dismissal or is dismissed from employment by the Company (whether with or without notice) such in writing as to be a fair and equitable dismissal;

Company) the Minority Shareholder shall not be entitled to terminate his employment with 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 a fair and equitable dismissal (by the Minority Shareholder) his unfair dismissal;

9.2.4 if, being a director, ceases to be a director of the Company whether for any reason whatsoever or whether by administrative action or otherwise; or

Shareholder goes into liquidation or the Company has an administrator, receiver, liquidator or other person appointed over any part of its assets or undertaking;

9.2.5 if any other event occurs which is capable of being remedied after being given notice by the Minority Shareholder;

any [material] breach of any of its obligations under the Articles and fails to remedy such a breach (if the Minority Shareholder is capable of remedying such a breach) within a number of days e.g. 30>> days after being given notice by the Minority Shareholder so to do.

9.3 The option referred to in clause 9.2.1 (the "Minority Shareholder's Option") shall be exercisable on notice to the Company within a period of <<Insert number of days e.g. 90>> days of the event described in clause 9.2.1 above or, if the Minority Shareholder is a director, within a period of <<Insert number of days e.g. 1 year>> of his death, or (in the circumstances described in clause 9.2.4 above) a liquidator, administrator, receiver or manager appointed over any part of the Minority Shareholder's assets or undertaking. The Minority Shareholder's Notice shall be given in writing to the Company and shall:

above shall be exercisable on notice to the Company within a period of <<Insert number of days e.g. 90>> days of the event described in Sub-Clause 9.2.1 above or, if the Minority Shareholder is a director, within a period of <<Insert number of days e.g. 1 year>> of his death, or (in the circumstances described in clause 9.2.4 above) a liquidator, administrator, receiver or manager appointed over any part of the Minority Shareholder's assets or undertaking. The Minority Shareholder's Notice shall be given in writing to the Company and shall:

9.3.1 state that the Minority Shareholder is exercising the Option against delivery of Shares to him (or his personal representatives or an administrative receiver or liquidator) at a price per share to be determined in accordance with clause 10 below, terms to be cash and relative certificate[s]; and

or his personal representatives or an administrative receiver or liquidator) at a price per share to be determined in accordance with clause 10 below, terms to be cash and relative certificate[s]; and

9.3.2 fix a date after the date of the giving of the Notice (the "Exercise Date") not sooner than <<Insert number of days e.g. 30>> days after the date of the giving of the Notice and not later than <<Insert number of days e.g. 90>> days after the date of the giving of the Notice.

Exercise Date") not sooner than <<Insert number of days e.g. 30>> days after the date of the giving of the Notice and not later than <<Insert number of days e.g. 90>> days after the date of the giving of the Notice.

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

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

10. Valuation of Shares

The sale and purchase price of the Shares referred to in clauses 7.5 and 9.3.1 above shall be determined by the Auditors within <<Insert number of days e.g. 14>> 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 determined by the Auditors acting at arm's length terms as at the date of the notice exercised without taking into account that such Shares represent a minority of the issued share capital of the Company.

The sale and purchase price of the Shares referred to in Sub-Clauses 7.2.3.2, 7.5 and 9.3.1 above shall be determined by the Auditors within <<Insert number of days e.g. 14>> 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 determined by the Auditors acting at arm's length terms as at the date of the notice exercised without taking into account that such Shares represent a minority of the issued share capital of the Company.

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also a Shareholder as a Director shall forfeit his right to be reappointed as a Director of the Company and shall not be reappointed as a Director of the Company for a period of << e.g. 12 >> months.

the appointment of a Minority Shareholder as a Director of the Company and shall not be reappointed as a Director of the Company for a period of << e.g. 12 >> months.

12.4 [The Minority Shareholder shall be entitled to appoint a third party to the office of Director of the Company and shall not be reappointed as a Director of the Company for a period of << e.g. 12 >> months.]

the appointment of a Minority Shareholder as a Director of the Company and shall not be reappointed as a Director of the Company for a period of << e.g. 12 >> months.

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13. Shareholder Meetings

13.1 Any question arising at a Shareholder meeting shall be decided in accordance with the provisions of this Agreement and matters by the written resolution of the Shareholders.

Any question arising at a Shareholder meeting shall be decided in accordance with the provisions of this Agreement and matters by the written resolution of the Shareholders.

13.2 All votes of the Shareholders present at a Shareholder meeting shall be counted by a show of hands of those Shareholders present in person or by proxy, unless a poll vote is requested. A poll shall be demanded by:

All votes of the Shareholders present at a Shareholder meeting shall be counted by a show of hands of those Shareholders present in person or by proxy, unless a poll vote is requested. A poll shall be demanded by:

- 13.2.1 the chairman of the meeting;
- 13.2.2 at least two Shareholders present in person or by proxy;
- 13.2.3 Shareholders representing at least one tenth of the issued share capital carry sufficient votes to demand a poll or substantially all Shareholders present in person or by proxy.

- 13.2.1 the chairman of the meeting;
- 13.2.2 at least two Shareholders present in person or by proxy;
- 13.2.3 Shareholders representing at least one tenth of the issued share capital carry sufficient votes to demand a poll or substantially all Shareholders present in person or by proxy.

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13.3 Shareholder meetings shall be held at such time or times as may be determined by the Directors or Shareholders. Unless otherwise agreed in writing, notice in writing shall be given to all the Shareholders entitled to attend and vote at the Shareholder meeting as is practicable the details of the business to be dealt with at the meeting. [This provision is subject to Sub-clause 13.4.]

Shareholder meetings shall be held at such time or times as may be determined by the Directors or Shareholders. Unless otherwise agreed in writing, notice in writing shall be given to all the Shareholders entitled to attend and vote at the Shareholder meeting as is practicable the details of the business to be dealt with at the meeting. [This provision is subject to Sub-clause 13.4.]

13.4 The Company shall hold an annual general meeting not more than 15 months after the date of the previous annual general meeting of the Company. Notice in writing by all the Shareholders shall be given to all the Shareholders entitled to attend and vote at the annual general meeting. Such notice shall specify in as great a detail as is practicable the business to be dealt with at the meeting. [This provision is subject to Sub-clause 13.5.]

The Company shall hold an annual general meeting not more than 15 months after the date of the previous annual general meeting of the Company. Notice in writing by all the Shareholders shall be given to all the Shareholders entitled to attend and vote at the annual general meeting. Such notice shall specify in as great a detail as is practicable the business to be dealt with at the meeting. [This provision is subject to Sub-clause 13.5.]

13.5 The quorum necessary for the transaction of business at 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.

The quorum necessary for the transaction of business at 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.

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14. Company Communication

The Shareholders shall give their consent in writing to the use by the Company of electronic communication for the purposes of the Company's general meeting.

The Shareholders shall give their consent in writing to the use by the Company of electronic communication for the purposes of the Company's general meeting.

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areholders, such use to be at the

## 15. Management

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

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  
frequency and in such manner as

15.2 The Executive Dire  
an Annual Busines  
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.

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

15.3 The Executive D  
management accou  
three months conta  
required by the Bo  
all Shareholders an  
the relevant period.

ponsible for preparing periodic  
ecutive periods of not more than  
statements and reports as may be  
ent accounts shall be delivered to  
ard within 30 days after the end of

15.4 Each of the Execut  
Shareholders that h  
Service Agreement  
legally enforceable  
will not in any way  
Company and himse  
before and after the  
extent that such obl

s to and covenants with the other  
orm all of his obligations under his  
e extent that, such obligations are  
e will at all times comply with and  
serve any covenant between the  
o compete with the Company both  
oyment for so long as, and to the  
ceable by the Company.

15.5 [Certain of the Sha  
Investment Scheme  
investment in Ordin  
far as it is commerc  
the Company, to co  
consistent with the  
of relief under the E  
Relief. The Board v  
for the reliefs refer  
and certificates ma  
claims for such relie

ible for relief under the Enterprise  
Rollover Relief in respect of their  
gly the Board will endeavour, in so  
ving regard to the best interests of  
ities of the Company in a manner  
ualifying company for the purpose  
cheme and Reinvestment/Rollover  
holders whose shares are eligible  
sist in providing whatever returns  
ed to facilitate the Shareholders'

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16. **Reserved Matters**

- 16.1 The Shareholders shall ensure that the Company shall not take any of the actions contemplated by this Agreement unless a unanimous resolution at a general meeting or written consent of all of the Shareholders:
- 16.1.1 alter its [Memorandum of Association];
  - 16.1.2 subject to clause 16.1.1, pass any resolution for the winding up or liquidation of the Company;
  - 16.1.3 pass any resolution for the re-registration of the Company as a public company;
  - 16.1.4 create or grant any mortgage or charge (whether fixed or floating) or any other security over the whole or any part of its assets;
  - 16.1.5 lend, advance or guarantee the indebtedness of any person, whether a natural person, firm or corporation;
  - 16.1.6 change the nature of the Company's business or undertake any business other than that specified in the Memorandum of Association;
  - 16.1.7 instigate any proceedings in the ordinary course of business in respect of the debts owing to it in the ordinary course of business;
  - 16.1.8 have as its financial year any period other than a period of 12 months and the date of the end of any accounting period any date other than the date of the end of the accounting period for end of accounting period>>.
- 16.2 The Shareholders shall ensure that the Company shall not take any of the actions contemplated by this Agreement unless a special resolution approving the action at a Shareholders Meeting and obtaining the prior written consent of not less than 75% of the total voting rights of eligible Shareholders:
- 16.2.1 appoint or re-appoint any director of the Company;
  - 16.2.2 other than in the ordinary course of business, dispose of or otherwise dispose of the whole or any substantial part of the assets of the Company whether by one transaction or a series of transactions;
  - 16.2.3 acquire any long term contract or other commitment or investment with a value in excess of £100,000 (or its equivalent) save in respect of machinery, plant and equipment which is required in the ordinary course of the business of the Company and of which the Shareholders have a beneficial interest;
  - 16.2.4 purchase or otherwise acquire or lease or tenancy or otherwise acquire or dispose of any real estate or interest;
  - 16.2.5 engage any person as an auditor, or consultant or agent for a period of more than 12 months for a fee or remuneration of more than £10,000 per annum or agree to increase or agree to increase the remuneration of any of the Company's directors, officers, employees, consultants or advisers by more than £10,000 per annum the <<Insert amount>> per annum;
  - 16.2.6 acquire or dispose of any shares, debentures, debenture stock or other securities in any company or organization.

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16.2.7 allow the a  
Company to

nts borrowed and raised by the  
<>>; and

16.2.8 in respect of  
any amount  
bonus or ot  
Service Agre

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

17. **Dividend Policy**

A minimum of <<Insert pe  
each Financial Year of the  
Company for such period v  
ACT) not later than <<Inse  
relevant accounts to the di  
shall exercise their respec  
procure that the same is do

tributable profit of the Company in  
from the audited accounts of the  
ends to the Shareholders (net of  
. 3>> months after delivery of the  
for approval and the Shareholders  
as members of the Company to

18. **Winding Up**

18.1 If at any time an ob  
shall immediately ta  
the Company. The  
Meeting of the Co  
nominated by them  
the winding up of  
required to secure t

Company arises the Shareholders  
to secure the timely winding up of  
all necessary votes at a General  
e the directors of the Company  
ates at a board meeting to approve  
on to any other steps which are  
pany.

18.2 The Shareholders  
insolvency practiti  
unable to come to  
liquidator.

liquidator is a properly licensed  
reholders. If the Shareholders are  
pany's Auditors shall appoint the

18.3 In order to recover t  
in its winding up  
permitted by law all  
in doing so may a  
mechanism that ma

ay be available from the Company  
prove to the maximum extent  
ue to them from the Company and  
y right of set-off or other act or

19. **Confidentiality**

19.1 In relation to Con  
Informant that exce  
at all times during t  
period e.g. 5 years>

e Recipient undertakes with the  
g by the Informant, he or she shall,  
greement and within <<Insert time

19.1.1 use his or h  
Information;

keep confidential all Confidential

19.1.2 not disclose  
current or  
accountants  
where such

tion to any other person except its  
s, bankers, lenders, partners,  
sional advisers, in each case only  
under appropriate confidentiality

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obligations,  
required to do

or entity to whom any party is  
information by law;

19.1.3 not use any  
contemplate

for any purpose otherwise than as  
terms of this Agreement;

19.1.4 not make any  
any Confide

any way or part with possession of

19.1.5 ensure that  
done by that  
19.1.1 to 19.

or advisors does any act which, if  
of the provisions of Sub-clauses

19.2 The provisions of the  
terms, notwithstand

shall continue in force in accordance with its  
Agreement for any reason.

20. **Non Competition and Non**

Each Shareholder undertakes  
or:

he shall not during this Agreement

20.1 for a period of <<Insert  
to be a Shareholder  
agent for any person  
business whose Busi  
city or region in whic

g. 12>> month[s] after his ceasing  
he, jointly with or as manager or  
carry on or be engaged in any  
the Company within <<Insert town,  
>>;

20.2 for a period of <<Insert  
to be a Shareholder  
person employ, so  
Company any person  
of months>> month

g. 12>> month[s] after his ceasing  
in his own account or for any other  
deavour to entice away from the  
then or was in the <<Insert number  
of months>> month

20.3 for a period of <<Insert  
to be a Shareholder  
person employ, so  
Company any person  
month[s] preceding

g. 12>> month[s] after his ceasing  
in his own account or for any other  
deavour to entice away from the  
the <<Insert number of months>>  
employee of the Company.

21. **Conflict with the Articles**

Insofar as any provision of  
Articles the provisions of  
require the Shareholders to  
the provisions hereof.

conflict with any provisions of the  
prevail. If any Shareholder shall so  
Articles are amended to agree with

22. **Duration**

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

shall bind each of the Shareholders for  
owner and/or registered member in  
the date of commencement of the

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23. **Notices and Service**

23.1 All notices to be given shall be delivered personally or by first class prepaid post, 2 Clear Catch, cable, facsimile transmission or email, shall be deemed duly served:

shall be in writing and shall either be delivered personally or airmail prepaid post or by telex, shall be deemed duly served:

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

personally, at the time of delivery;

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

by first class prepaid post, 2 Clear Catch;

23.1.3 in the case of a notice to be given by airmail, 7 Business Days (being Business Days) after the date on which the notice is dispatched)

by airmail, 7 Business Days (being Business Days) after the date on which the notice is dispatched)

23.1.4 in the case of a notice to be given by first class prepaid post, 2 Clear Catch, during normal business hours then on the next following Business Day (being Business Days) that a confirmatory copy is sent by first class prepaid post, 2 Clear Catch, by the end of the next Business Day.

by first class prepaid post, 2 Clear Catch, during normal business hours then on the next following Business Day (being Business Days) that a confirmatory copy is sent by the end of the next Business Day.

23.2 Any notice to a Shareholder shall be given to the address of such Shareholder as set forth in the Company's records or to such other address as such Shareholder may have designated in writing to this Clause.

to the address of such Shareholder as set forth in the Company's records or to such other address as such Shareholder may have designated in writing to this Clause.

23.3 [Any notice to the Company or to such other person as the Company may have designated pursuant to this Clause shall be given to the registered offices of the Company or to such other address as the Company may have designated in writing to this Clause.]

to the registered offices of the Company or to such other address as the Company may have designated in writing to this Clause.]

24. **No Partnership or Agency**

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

as to create a partnership or joint venture between any of the parties.

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

ed so as to constitute any of the parties the agent of any other party.

25. **No Waiver**

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

of its rights under this Agreement shall be deemed to be a waiver of any subsequent breach of the same or any other provision of this Agreement.

26. **Severance**

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

court or other competent authority to determine that any provision of this Agreement shall continue to be valid as to its other provisions.

27. **Entire Agreement**

27.1 This Agreement shall constitute the entire agreement between the parties and shall supersede and replace all other agreements and understandings between the parties.

ement between the parties and shall supersede and replace all other agreements and understandings between the parties.

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between the parties

27.2 Each party acknowledges that, in entering into this Agreement, it is not relying on any representation or statement of fact made to it, other than the actual statement or other provision of this Agreement, and it is not relying on any statement or other provision of this Agreement, except as expressly stated in this Agreement.

to this Agreement, it is not relying on any statement or other provision of this Agreement, except as expressly stated in this Agreement.

27.3 Without limiting the generality of the foregoing, neither party shall have any claim, demand, or remedy in respect of any loss or damage made to him upon which he may be entitled to claim, and a party's only remedy is for breach of contract. This Agreement purports to exclude liability for any fraud or negligent misstatement.

Without limiting the generality of the foregoing, neither party shall have any claim, demand, or remedy in respect of any loss or damage made to him upon which he may be entitled to claim, and a party's only remedy is for breach of contract. This Agreement purports to exclude liability for any fraud or negligent misstatement.

28. **Non – Assignment**

This Agreement is personal to the parties and neither party may assign, mortgage, charge, or sub-license any of its rights or obligations hereunder, or sub-contract any of its obligations hereunder, except with the written consent of the other party.

neither party may assign, mortgage, charge, or sub-license any of its rights or obligations hereunder, or sub-contract any of its obligations hereunder, except with the written consent of the other party.

29. **Further Assurance**

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

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

30. **Costs**

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

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

31. **Applicable Law and Jurisdiction**

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

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

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

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

**IN WITNESS WHEREOF** this Agreement has been signed and executed before written

executed the day and year first

SIGNED by

<<Name of Shareholder A>>

SIGNED by

<<Name of Shareholder B>>

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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>>>

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A

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Name of Shareholder

Amount of Loan

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<<Insert Terms and Conditions for incorporate one or more Loan Agreements may be found o

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**Non-Exec Company**

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