

GUIDANCE NOTES FOR USE WITH THE BASIC SHAREHOLDER AGREEMENT – NEW SHARE ISSUE ATTACHED.

This **Basic Shareholder Agreement - New Share Issue** includes the following clauses:

Parties: Shareholders A - D are the subscribers to the Memorandum of Association. There may be only one subscriber, in which case the other names can be deleted. The subscriber(s) may also wish to acquire more shares in the Company and so they will be added to the list of Investors in Schedule 1. If the Company is also a party, then the wording should be retained and the forms completed.

Recitals: Since the Companies Act 2006 abolished the concept of "authorised share capital" from 1st October 2009, the issued share capital is of less importance. At Recital A, the number of shares issued should be inserted. If only one subscriber share has been issued, then this should be recorded.

1. **Definitions and Interpretation:** Several definitions will need to be defined, for example, a specific geographical area for the, "Restricted Area".
2. **Matters on Completion:** If the company wishes to change its Articles of Association, then Clause 2.3 should be retained together with the wording in square brackets in the definition of "Articles" (at clause 1) and Schedule 2 itself. A copy of the new Articles should be inserted into the Agreement at Schedule 2. The special resolutions must be passed by a 75% majority of the shareholders and copies of the resolutions must be filed at Companies House. If the Company wishes to keep its existing Articles, then Clause 2.3 should be deleted together with the wording in square brackets in the definition of "Articles" (at clause 1) and Schedule 2 itself. The numbering of the Schedules will change as a result and must be corrected to be consistent.
If the shareholders are giving loans to the Company, then Clause 2.6 should be retained and the details should be completed in Schedule 3.
3. **Administration:** This Clause specifies certain details about the Company. Some of it is administrative, for example who the company secretary (if the Company has one). A description of the Business also needs to be added.
4. **Finance:** This clause deals with further financing of the Company. The shareholders are not under any obligation to provide any further finance and the Company will endeavour to borrow any money it requires using its bank facility. If this is not possible, then the loans or loan notes/debentures can be issued.
5. **Financial Information:** This Clause requires the shareholders to procure that the Company keeps adequate financial records.
6. **Issue of Shares:** This Clause gives the current shareholders pro rata pre-emption rights if the Company wishes to issue new shares.
7. **Transfer of Shares:** This Clause places restrictions on the transfer of shares by shareholders. If a shareholder wishes to transfer his shares, he must first offer them to the other shareholders who will then have an option to buy the shares pro rata to their shareholdings. The time periods should be specified at Sub-Clauses 7.2.2 and 7.2.3. There are optional provisions at Sub-Clauses 7.4 and 7.5 whereby a shareholder will be deemed to have served an automatic notice if it is a company and it goes into liquidation, administration or receivership; if the shareholder breaches the Shareholder Agreement for a specified number of days; or if the shareholder dies.
8. **Good Leaver Bad Leaver:** This agreement specifically includes leaver provisions within the transfer provisions in a separate clause. This is known as a good leaver/ bad leaver clause. The essence of this Clause 7 is that any shareholder who is an employee of the Company and

subsequently leaves the Company's employment, is described as either a "Good Leaver" or a "Bad Leaver". A bad leaver is defined in this agreement as anyone who is not considered to be a good leaver, i.e. anyone who leaves the Company's employment otherwise than through retirement, disability, redundancy or unfair dismissal. The definitions can be altered as required to suit the circumstances that need to be achieved. A bad leaver is obliged to sell his shares on exit to the other shareholders, whereas a good leaver has the option but not the obligation to sell their shares on exit. This Clause sets out the terms on which these share transfers are achieved.

9. Valuation of Shares: This is an optional Clause that should only be used if Clauses 7.4, 7.5 and/or Clause 8 are included. The Clause allows for the shares to be valued by the Company's auditor or accountant if there is a deemed transfer notice or sale by a Good or Bad Leaver. This will ensure that the shares are transferred at a fair value.
10. Shareholder Meetings: This Clause follows the prescribed procedure for shareholder meetings under the Companies Act 2006. There is no longer a requirement for companies to hold an Annual General Meeting but the last sentence of Clause 10.3 and Clause 10.4 should be retained if AGMs will continue to be held.
11. Company Communications: The Companies Act 2006 allows companies to communicate with its shareholders via electronic means provided that each shareholder has consented. This Clause places the shareholders under a contractual obligation to consent to receive communications electronically if the Company chooses.
12. Management: This brief Clause states that the Board will run the affairs of the Company within the terms of the Annual Business Plan.
13. Reserved Matters: This Clause provides a list of matters that the Shareholders wish to prevent the Company doing and which might otherwise damage their interest in the Company. Some of the matters listed require unanimous approval of the shareholders and some require a 75% majority. More information can be found in the document "Shareholders Agreement Notes".
14. Restrictions on the Shareholders: This Clause imposes a series of restrictions on each Shareholder to the effect that he or she will not, at any time when he or she is a Shareholder, and for a specified period of time after he or she ceases to be a Shareholder, carry on any other business that competes with the business of the Company or entice away customers, employees or keep suppliers of the Company.
15. Anti-corruption: this is an optional Clause and refers to the Bribery Act 2010. It will not be relevant to many companies but may protect the parties and the Company if there are perceived to be risks of corrupt practices.
16. Dividend Policy: This Clause provides that a particular percentage of the Company's profits available for distribution in any year will be paid out as dividends. The Company may distribute more if it so wishes but shareholders may be assured of at least some income.
17. Winding Up: This Clause places an obligation on the shareholders to cooperate in a winding up.
18. Confidentiality: This Clause protects the parties' confidential information.
19. Conflict with the Articles: This Clause provides that the Shareholder Agreement will prevail over the Articles in the event of an inconsistency.
20. Duration: This provides for the Shareholder Agreement to last until the Company is wound up.
21. Notices and Service: This Clause provides standard wording (known as "boilerplate") for the service of notices under the Shareholder Agreement. Clause 21.3 should be deleted if the Company is not a party to the Shareholder Agreement.

22. No Partnership or Agency: The partnership relationship being

23. No Waiver: Under English law as a waiver of that right. This

24. Severance: Another boilerplate Shareholder Agreement as in will be able to strike out the v practice known as the “blue p

25. Entire Agreement: A boilerplate supersedes any prior agreem statements or other evidence

26. Non-Assignment: A boilerplate charging their rights under the so under the terms of the Sha

27. Further Assurance: A boilerplate everything required to fulfil the

28. Costs: This Clause requires the Agreement.

29. Applicable Law and Jurisdiction: The Agreement will be governed by either exclusive or non-exclusive Agreement. If non-exclusive jurisdiction in another country hearing the consuming process.

Schedule 1: Investment – The names of the subscribers and the amount they

Schedule 2: Special Resolutions – If the resolutions in Schedule 2 of the Company incorporated prior to which states the authorised capital has been abolished. Removing the excess of its authorised capital

Schedule 3: Loans – Any agreed terms can be deleted if no loans are

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use that prevents an agency or

ce a right can be viewed by the court on from occurring.

the court striking out the whole invalid or unenforceable. The court tries to follow the enforceable part (a

the Shareholder Agreement and prevents them from relying on any other Agreement.

ties from assigning, mortgaging or except where they are permitted to do

es under an obligation to do

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 consuming process, which may be a costly and time-

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

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

cluded in this Schedule. The Schedule



(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 Co << name >> of this Agreement (the "Investors"); and
- (6) [<<Name of Company>> incorporated in <<Insert Country of incorporation>> under No. << number >> whose registered office is at <<Insert Registered office of Company>>].]

WHEREAS:

- A. At all material times the Co << name >> and at the date of this Agreement has an issued << number >> shares of £<< amount >> each.
- B. At all material times the << name >> are the registered and beneficial holders of the following number of shares of the Company 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 Investors 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:

“Act”

“Annual Business Plan”

“Articles”

“Auditors”

“Bad Leaver”

“Board”

“Business”

“Business Day”

“Business Hours”

“Clear Days”

“Company”

“Completion”

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Act 2006;

d by the directors of the Company,
Financial Year of the Company,
objectives of the business of the
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at Financial Year;

association of the Company [in the
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to time;

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he are appointed, the accountants
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e who becomes an Outgoing
ances where he is not a Good
ted as a Good Leaver at the sole

ectors (as constituted from time to

ompany as set out in Clause 3 of

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”

“Employee”

“Encumbrance”

“Financial Year”

“Good Leaver”

“Ordinary Shares”

“Outgoing Employee”

“Reserved Matters”

“Restricted Area”

“Shares”

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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 or is not confidential or marked as such, shall not include any information which is in the public domain other than by the confidentiality obligations contained in this Agreement;

who is, or has been, a director of the Company;

equity of any person (including a right of pre-emption) or any charge, lien, assignment, mortgage, interest, title, retention or any other interest or arrangement, whether or not registered;

the financial reference period of the Company in accordance with Chapter 3 of the Companies Act 2006;

who becomes an Outgoing Employee;

permanent disability or permanent ill-health; or
(b) defined in the Employment Contract; or
(c) the Company which is determined by a competent tribunal or at a court of law to be unfair, wrongful or constructive;

other reasons that may be relevant to the Company;

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

who ceases to be a director and/or secretary of the Company;

reserved to in Clause 13;

geographical area>>;

Shares;

“Shareholder”

“Share Transfer Provisions”

“Year”

1.2 Unless the context requires otherwise:

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

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

1.2.3 “this Agreement” means this Agreement or any document or 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, unless otherwise stated, shall be construed as references to Sub-clauses and Paragraphs of the Clauses and Schedules of this Agreement, unless the reference appears.

1.3 In this Agreement:

1.3.1 all agreements between the parties to the Agreement which shall be joint and several;

1.3.2 any reference to their respective personal representatives, successors in title and permitted assignees;

1.3.3 any reference to 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 any other gender.

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

2. Matters on Completion

2.1 Immediately following the completion of the Agreement the parties shall comply

Shareholders, the Investors and any other persons who may transfer their respective shares in the Articles and this Agreement and any one of them;

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

365 (or in the case of a leap year, 366) days from the <<Date of Agreement>> and any other period of time during the continuance of this Agreement shall have the corresponding meaning.

reference in this Agreement to:

“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, in any form or medium, and any similar means of communication;

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

“this Agreement” means this Agreement or any document or agreement or such other agreement or document as may be supplemented, modified or novated from time to time;

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, unless the reference appears.

the parties to the Agreement which shall be joint and several;

any reference to their respective personal representatives, successors in title and permitted assignees;

any reference to any body corporate, unincorporated association, partnership or other legal entity;

the plural and vice versa; and

any other gender.

convenience only and shall not affect its interpretation.

Agreement the parties shall comply

- with their respective
- 2.2 Completion shall take place at the registered office of the Company or at such other place as the parties may agree.
- 2.3 [The parties shall meet at a meeting of the Company is duly convened and held in accordance with the provisions set out in Schedule 2 are proposed and passed.]
- 2.4 Each of the Investors shall pay to the Company the numbers of Ordinary Shares shown opposite his name in Column (1) of Schedule 1 [(which includes the subscriber's share holding) and the amount shown in Column (3), such Shares to be paid at the full nominal value price of £<< amount (including any premium) >> per Share.]
- 2.5 Subject to receipt of the subscription monies by the Company, the Board will allot and issue the Shares subscribed for.
- 2.6 [Each of the Shareholders shall pay to the Company the amounts shown opposite their respective names in Column (1) of Schedule 3 as loans which shall comply with the provisions of the Articles.]

3. Administration

- Unless otherwise agreed by the Shareholders in writing:
- 3.1 the Business of the Company>> or such other business as may be determined from time to time in accordance with the Articles;
- 3.2 the directors of the Company shall be << Name >>, << Name >>, << Name >> >>;
- 3.3 [the secretary of the Company shall be << Name >>];
- 3.4 the registered office of the Company shall be << Address >>;
- 3.5 the Auditors of the Company shall be << Name of auditors >>;
- 3.6 the accounting reference date of the Company shall be << date >> in each financial year; and
- 3.7 the Company's bankers shall be << Name of bankers >>.]

4. Finance

- 4.1 No Shareholder shall be required to provide any further funding to the Company beyond the funding agreed pursuant to the Shareholders' Agreement.
- 4.2 Any finance required by the Company shall be borrowed by way of bank facility or from other normal market sources upon terms agreed in writing by the Board.
- 4.3 To the extent that such finance is not available or is not available for any reason, any funds advanced to the Company in the form of a loan under the Shareholders' Agreement shall be repaid to the Company in accordance with the provisions contained in Schedule 3.
- 4.4 If any finance required by the Company is to be raised by the issue of loan notes or debentures, such issue shall be offered to the Shareholders in accordance with the provisions contained in Schedule 3.

- the Shareholders pro
- 4.5 Any guarantees or obligations of the Shareholders and s
- 4.6 Any cash and surpl placed on deposit a by the Board.
5. **Financial Information**
- The Shareholders shall pro
- 5.1 maintains adequate and other records relating to the conduct of its busin
- 5.2 permits all directors accounting records Hours.
6. **Issue of Shares**
- 6.1 If the Company wis procure that it sha Shares to be issu “Company’s Notice”
- 6.2 Each Shareholder s the price set forth i proposed to be issu total issued share c may be exercised b number of days>> payment in full for th
- 6.3 Any Shares refer Shareholders do n the manner stated within <<Insert num specified in Sub-Cla
7. **Transfer of Shares**
- 7.1 No Shareholder sha any Share or any in this Clause 7 [and C
- 7.2 A Shareholder may
- 7.2.1 the transfer i
- 7.2.2 the Seller sh his wish to n the name a remaining S
- ldings from time to time.
- the Shareholders in respect of the agreed to be given by all the severally by each Shareholder.
- me held by the Company shall be ble and with institutions approved
- Shares [for cash] the parties shall Shareholder stating the number of Share to be subscribed for (the
- not the obligation to subscribe at for that proportion of the Shares f Shares held by him bears to the mpany gives its notice. This option y given at any time within <<Insert mpany’s Notice accompanied by ed for.
- s Notice with respect to which may be issued by the Company in e provided such sale is completed er the expiry of the option period
- nce over, or otherwise dispose of accordance with the provisions of ncerns an Employee].
- y other person provided that:
- with the Share Transfer Provisions;
- offer (“the Seller’s Notice”) stating consideration price per share and oposed transferee to all of the ave the irrevocable and exclusive

- option but not the option proposed to be exercised shall bear to the Shares issued for the exercise of the option as the Seller's Notice given at any time after the Seller's Notice is taken up;
- 7.2.3 any Shares remaining after the transfer of the Shares transferred in accordance with the provisions provided such period of days after the Seller's Notice and
- 7.2.4 except in the event of the proposed transfer of Shares in accordance with the Agreement and the applicable provisions hereeto.
- 7.3 The Board shall apply the provisions of the Agreement regarding Employee transfer of Shares.
- 7.4 [In the event of any event occurring in relation to the Shares held by him which have given (and the Seller's Notice in relation to the Shares held by him but not the obligation per share determined against delivery of the Shares)
- 7.5 The circumstances in which the Seller's Notice may be given are:
- 7.5.1 If, being a controlling Shareholder of the Company, whether controlling or not, *bona fide* reconstruction or reorganisation of the Company, or an administrative receiver or manager appointed over the Company, or the Shareholder dies;
- 7.5.2 [if, being an Employee, the Shareholder dies;]
- 7.5.3 if any Shareholder is in breach of any of his obligations under the Agreement 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.]
- 7.6 If any Shareholder is in breach of any of his obligations under the Agreement 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. **[Good Leaver and Bad Leaver]**
- 8.1 If any Shareholder is an Employee where that Outgoing Employee is deemed to be a Good Leaver, then that Shareholder shall be

- obliged to sell to the Company (but not some of) the Shares owned by him.
- 8.2 The transfer of Shares shall be completed within <<e.g. 30 days>> of the date on which the Good Leaver's employment became effective (or the date on which his employment was discontinued, if the employment was discontinued, at the price per Share to be determined in accordance with the terms to be for cash against delivery of the executed certificate[s].
- 8.3 If a Shareholder who is an Employee where that Outgoing Employee is deemed to have exercised the option but not the obligation to sell the Shares in the Company, he shall have the option but not the obligation to sell the Shares in the Company.
- 8.4 If the Good Leaver exercises the option to sell set out in Clause 8.3 above, he shall give notice to the Company. Such notice must include the price to be paid for the Shares, [and the date of him becoming a Good Leaver,] at which the Company must complete the transfer of the Shares.
- 8.5 The notice indicating the exercise of the option under Clause 8.3 above, must also fix a date, not later than <<Insert number of days e.g. 10>> days nor later than <<e.g. 30 days>> days after the date of the service of the notice, at which the Company must complete the transfer of the Shares.

9. [Valuation of Shares]

The sale and purchase price of Shares transferred under Clause 8 (where relevant) shall be, in their opinion, the fair market value as between a willing seller, contracting at arm's length, and a willing buyer, contracting at arm's length, at the date of the notice exercising such option but without taking into account any interest in the Company.]

10. Shareholder Meetings

- 10.1 Any question arising out of or in connection with the exercise of the option shall be decided in accordance with the terms of the option. The matters by written resolution to be proposed shall be decided in accordance with the terms of the option.
- 10.2 All votes of the Shareholders present at a meeting shall be counted by a show of hands of those Shareholders present at the meeting, unless a poll vote is requested. A poll vote shall be requested by:
- 10.2.1 the chairman of the meeting;
- 10.2.2 at least two Shareholders entitled to vote on the resolution;
- 10.2.3 Shareholders representing at least one tenth of the issued share capital carry the right to demand a poll vote on the resolution.
- 10.3 Shareholder meetings shall be held at such time or times as may be required or as requested by the Shareholders. Unless otherwise agreed in writing, the notice in writing shall be given to the Shareholders entitled to attend and

for the Company all (but not some of) the Shares owned by him.

ted within <<e.g. 30 days>> of the date on which the Good Leaver's employment became effective (or the date on which his employment was discontinued, if the employment was discontinued, at the price per Share to be determined in accordance with the terms to be for cash against delivery of the executed certificate[s].

Employee where that Outgoing Employee is deemed to have exercised the option but not the obligation to sell the Shares in the Company.

option to sell set out in Clause 8.3 above, he shall give notice to the Company. Such notice must include the price to be paid for the Shares, [and the date of him becoming a Good Leaver,] at which the Company must complete the transfer of the Shares.

cise the option under Clause 8.3 above, must also fix a date, not later than <<Insert number of days e.g. 10>> days nor later than <<e.g. 30 days>> days after the date of the service of the notice, at which the Company must complete the transfer of the Shares.

ransferred under Clause 7.4 [and the price to be paid for the Shares shall be, in their opinion, the fair market value as between a willing buyer and a willing seller, contracting at arm's length, at the date of the notice exercising such Shares represent a minority of the issued share capital of the Company.]

r meeting shall be decided in accordance with the terms of the option. The matters by written resolution to be proposed shall be decided in accordance with the terms of the option.

ined by a show of hands of those Shareholders present at the meeting, unless a poll vote is requested. A poll vote shall be requested by:

10.2.1 the chairman;

10.2.2 at least two Shareholders entitled to vote on the resolution;

10.2.3 Shareholders representing at least one tenth of the issued share capital carry the right to demand a poll vote on the resolution.

such time or times as may be required or as requested by the Shareholders. Unless otherwise agreed in writing, the notice in writing shall be given to the Shareholders entitled to attend and

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vote at the Shareholder meeting as is practicable the day before the meeting is subject to Sub-clause 10.5.

shall specify in as great a detail as is practicable the business to be conducted at the meeting. [This provision

10.4 The Company shall hold a 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, notice in writing shall be given to all the Shareholders by the Company as great a detail as is practicable of the business to be conducted at the meeting.

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, notice in writing shall be given to all the Shareholders by the Company as great a detail as is practicable of the business to be conducted at the meeting. [This provision

10.5 The quorum necessary for the holding of a Shareholder meeting shall be as set out in section 318 of the Companies Act 2006. If a Shareholder meeting is adjourned, the meeting shall be adjourned to a time appointed for the same time and place at the adjourned meeting. If a Shareholder meeting is adjourned, the meeting shall be adjourned to a time appointed for the same time and place at the adjourned meeting.

holder meeting shall be as set out in section 318 of the Companies Act 2006. If a Shareholder meeting is adjourned, the meeting shall be adjourned to a time appointed for the same time and place at the adjourned meeting. If a Shareholder meeting is adjourned, the meeting shall be adjourned to a time appointed for the same time and place at the adjourned meeting.

11. Company Communication

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

use by the Company of electronic communications when conducting Shareholder meetings, such use to be at the sole discretion of the Company.

12. Management

The Board shall be responsible for the administration and management of the affairs of the Company and for the preparation of the Annual Business Plan.

administration and management of the affairs of the Company and for the preparation of the Annual Business Plan.

13. Reserved Matters

13.1 The Shareholders shall reserve the following matters for their decision by a unanimous resolution at a Shareholder meeting or by the written consent of all of the Shareholders:

is contemplated by this Agreement and shall be reserved for the decision of the Shareholders by a unanimous resolution at a Shareholder meeting or by the written consent of all of the Shareholders:

13.1.1 alter its Articles of Association;

13.1.2 subject to clearance by the relevant regulatory authorities, a resolution for the winding up or liquidation of the Company;

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

13.1.3 pass any resolution to reclassify the Company as a public company;

reclassification of the Company as a public company;

13.1.4 create or grant any security over the whole or any part of its assets;

create or grant any security over the whole or any part of its assets;

13.1.5 lend, advance or guarantee the indebtedness of any person, firm or corporation;

the indebtedness of any person, firm or corporation;

13.1.6 change the nature of the business of the Company other than the business currently being carried on;

business or undertake any business other than the business currently being carried on;

13.1.7 instigate any proceedings in the ordinary course of business;

the discharge of the debts owing to it in the ordinary course of business;

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13.1.8 have as its
months and
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period other than a period of 12
Financial Year any date other than
counting period>>.

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

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

13.2.1 appoint or re

Company;

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

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

13.2.4 purchase or
dispose of a

or tenancy or otherwise acquire or
state or interest;

13.2.5 engage any
remuneration
or agree to i
remuneration
consultants c

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

13.2.6 acquire or d
securities in

entures, debenture stock or other

13.2.7 allow the a
Company to

nts borrowed and raised by the
nt>>; and

13.2.8 in respect o
any amount
bonus or oth

of the Company pay or distribute
any capacity by way of dividend,
r kind.

14. Restrictions on the Share

14.1 Except with the prio
the party in questio
e.g. 6>> after that p

Board, no Shareholder shall, whilst
or for <<Insert number of months
eholder:

14.1.1 carry on or b
competes w

r interested in any business which
e Restricted Area;

14.1.2 deal with a
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as been at any time during the
mer of the Company;

14.1.3 canvass, so
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vices to the Company during the
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the Company; and

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connections

company or employ or (directly or
sultancy to any person who, at or
an employee, director or officer of
session of Confidential Information
the customer relationships or

14.2 The undertakings in
Shareholder and t
Shareholder in an
Shareholder's own
other person.

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

14.3 [Nothing in the Cla
purposes, 5% in n
whose shares are
meaning of the Fina

older from holding for investment
ued share capital of a company
investment exchange (within the
ets Act 2000).]

14.4 Each of the coven
parties.

sidered fair and reasonable by the

15. [Anti-Corruption¹

15.1 Each party underta
that the Company:

d each Shareholder shall procure

15.2 shall not in the cou
practice or conduct
2010; and

e Business engage in any activity,
an offence under the Bribery Act

15.3 shall maintain in
Associated Person
any conduct that wo

dures designed to prevent any
Bribery Act 2010) from undertaking
e under the Bribery Act 2010.

15.4 The undertakings in
and apply to action
whether directly or
any other person or

oy each party to each other party
Shareholder in any capacity and
holder's own behalf, on behalf of
son.]

16. Dividend Policy

A minimum of <<Insert p
Section 736 of the Act) o
derived from the audited a
as dividends to the Shareh
months after delivery of th
approval and the Shareho
members of the Company t

istributable profits (as defined in
Financial Year of the Company
for such period will be distributed
Insert number of months e.g. 3>>
the directors of the Company for
respective rights and powers as
is done.

¹ Only include this clause if it is relevant to the c

size and likelihood of anti-corruption practices.

17. Winding Up

- 17.1 If at any time an obligation of the Company arises the Shareholders shall immediately take all necessary steps to secure the timely winding up of the Company. The Shareholders shall take all necessary votes at a general meeting of the Company and the directors of the Company shall take all necessary steps at a board meeting to approve the winding up of the Company in addition to any other steps which are required to secure the winding up of the Company.
- 17.2 The Shareholders shall appoint a liquidator who is a properly licensed insolvency practitioner. If the Shareholders are unable to come to a decision, the Company's Auditors shall appoint the liquidator.
- 17.3 In order to recover the assets of the Company in its winding up, the Shareholders shall, to the maximum extent permitted by law, waive their right of set-off or other act or mechanism that may be available from the Company.

18. Confidentiality

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

19. Conflict with the Articles

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

20. Duration

This Agreement shall continue in full force and effect so long as he shall be the holder of any Shares in the Company and shall not be subject to winding up.

shall bind each of the Shareholders for and on behalf of the Company as a registered member in respect of the commencement of the Company's

21. Notices and Service

21.1 All notices to be given shall be delivered personally or by email and shall be deemed duly served:

shall be in writing and shall either be delivered personally or by email and shall be deemed

21.1.1 in the case of delivery personally, at the time of delivery;

personally, at the time of delivery;

21.1.2 in the case of delivery by first class prepaid post, 2 Clear Business Days;

by first class prepaid post, 2 Clear Business Days; and

21.1.3 in the case of delivery outside normal Business Hours then at the time of delivery or then on the next Business Day provided (in each case) that a confirmatory copy is sent by prepaid post or by hand by the end of the next Business Day;

outside normal Business Hours then at the time of delivery or then outside normal Business Hours on the next Business Day provided (in each case) that a confirmatory copy is sent by prepaid post or by hand by the end of the next Business Day;

21.2 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.

21.3 [Any notice to the Company or to such other address as such Shareholder may have designated pursuant to this Clause shall be deemed duly served.

to the registered offices of the Company or to such other address as such Shareholder may have designated pursuant to this Clause.

22. No Partnership or Agency

22.1 This Agreement shall not be construed as creating a partnership or joint venture between any of the parties.

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

22.2 Nothing in the Agreement shall be construed as constituting any of the parties the agent of any other party.

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

23. 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 of any subsequent breach of the same or any other provision of this Agreement.

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

24. Severance

If any provision of this Agreement shall be found to be invalid or unenforceable in any jurisdiction, the remaining provisions of this Agreement shall continue to be valid and enforceable in that jurisdiction.

by a court or other competent authority to be invalid or unenforceable in any jurisdiction, the remaining provisions of this Agreement shall continue to be valid and enforceable in that jurisdiction.

25. Entire Agreement

25.1 This Agreement c
supersedes and r
between the parties

25.2 Each party acknowl
on any representati
except as expressly

25.3 Without limiting the
remedy in respect o
have relied in ente
breach of contract.
liability for any frau

ement between the parties and
agreements and understandings

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

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

26. Non – Assignment

This Agreement is person
[or] charge (otherwise tha
hereunder, or sub-contract
except in accordance with t

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

27. Further Assurance

Each party shall from time
after its termination) do a
reasonably necessary in or

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

28. Costs

The costs and expenses (i
the preparation, negotiati
documentation shall be bor

gal and accountancy expenses) of
this Agreement and associated

29. Applicable Law and Juris

29.1 This Agreement sh
laws of England and

29.2 The parties agree
the courts of Englan

construed in accordance with the

ive] [non-exclusive] jurisdiction of

IN WITNESS WHEREOF this Ag
before written

executed the day and year first

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 Investor >>

SIGNED by

<< Name of Investor >>

SIGNED by

<< Name of Investor >>

SIGNED by

<< Name of Investor >>

[SIGNED by

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

S

A

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P

L

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(1)
Name of Investor

<< >>
<< >>
<< >>
<< >>

(3)
Amount Paid
£

<< >>
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<< >>
<< >>

S
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P
L
E

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

S

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