

This Shareholder Agreement is based on shares are being issued but with change notes only focus on the changes made to the guidance notes in our other standard agreement.

r agreement where no new provisions. These guidance Reference can be made to s for other aspects of this

1. **Transfer Provisions:**

- 1.1 This template contains the clause 18 with two significant
- a) an overriding provision that to a spouse, life partner, child and
- b) provisions that specifically have been included (clause

ale of share provisions in to freely dispose of shares any time has been included; incapacity of a shareholder

2. **Pre-emption Rights on Transfer**

- 2.1 Clause 18 is a standard clause should a shareholder wish other shareholders will have pro-rata to their current s offered to anyone else.
- 2.2 These pre-emption rights a shares that become available shareholders to maintain so level of control over whom take up their pre-emption ri

reement, which states that shares in the company, the in relation to these shares before those shares are

- 2.3 The clause also includes va to transfer their shares, such by a shareholder.

obligation to purchase any a useful mechanism for is not diluted and ensure a transferred to if they do not

3. **Disposal of Shares to Family**

- 3.1 This template includes an shareholder to freely dispose life partner, child or to trust as beneficiaries.
- 3.2 This clause gives flexibility t or commercial reasons, to members.
- 3.3 However, the risk with a cla knowledge of the business

ch will force a shareholder al breach of the agreement

r provision which allows a es at any time to a spouse, ny of the above are names

or tax planning, benevolent s' shares amongst family

family members with no real become shareholders in the

- complete consent of the other shareholders.
- 3.4 Whether or not such a clause is appropriate needs to be considered within the context of the company's shareholding and shareholder dynamics within the company. Independent legal advice should be sought if a clause such as this is included, as it may be interrelated to the other share transfer provisions.
4. **Transfer on Death**
- 4.1 People often leave their shares in a private company to a beneficiary, but there's nothing anyone can do to stop them. In the case of a Will, for the case. Most private companies have either no provisions in their Articles of Association and in each case, the board of directors has the power to reject any transfer of shares that executors submit. In this, most shareholder agreements should include provisions on the death of a shareholder.
- 4.2 Only three scenarios exist: (1) there is no shareholder agreement; (2) there is an agreement, but it does not cover share transfers; or (3) the company's articles of association have removed the power of directors to reject share transfers. In all cases, shares pass in accordance with the deceased's Will (or intestacy rules if there is no Will).
- 4.3 The absence of any specific transfer provisions in a shareholder agreement means that shares may pass to beneficiaries under the deceased's will. Beneficiaries, who may lack knowledge of the business or experience in it, are often inexperienced business decisions, when they may not wish to be involved in the company. Their involvement may cause tension between family members who are shareholders in the company. Often the smaller the company, the more this may be a problem. This is particularly true if decisions in relation to the business can be made by the shareholders, as decisions for board or shareholder decisions cannot be made by the shareholders.
- 4.4 How to avoid this problem is to draft a shareholders' agreement for the deceased and allowing the surviving shareholders the first right of refusal to purchase the deceased's shares from their personal representatives. The surviving shareholders, will then form a new company. Whilst the PRs are not a party to the shareholders' agreement, they are bound by probate law, a PR is compelled to carry out the wishes of the deceased and will more than likely follow the agreed procedure, even if it conflicts with the shareholders' agreement. It is also be mindful that the company may refuse to register the transfer of shares acquired in a way that is not allowed by the shareholders' agreement.
5. **Cross Option**
- 5.1 These are often put in place as an additional mechanism to deal with the death of a shareholder. They work as follows:
- 5.1.1 The cross option gives all other shareholders options which will only be exercised if one of them dies.

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5.1.2 ...es that upon their death their fellow shareholders
their shares at market value.

5.1.3 ...holders agree that their PRs have the option on
deceased's shares to the surviving shareholders.

5.2 At the ... option is put in place, each shareholder will take
out a ... policy under which any amount which becomes
paya ... ld in trust by the surviving shareholders to pay for
the d ...

5.3 This ... can ensure that the value of their shareholding will
be re ... without the need to leave the shares themselves to
relati ... y want them, or which may not prove to be in the
best ...

5.4 It is v ... cross option agreement that the provisions of the
share ... ered at the same time to ensure that the shares
will s ... property Relief for Inheritance Tax purposes.

5.5 Cross ... policies and any tax considerations are beyond
the s ... d independent advice must be sought by parties
consi ... s.

6. **This Template**

6.1 This ... ed to include not only the death of a shareholder
as a ... incapacity of a shareholder.

6.2 On s ... rring, the shares will be valued, and this will be
deem ... nditional offer for sale of the shares. The shares
shall ... company and then to the other shareholders pro
rata ... holding. If neither the company nor the other
share ... r to buy the shares, then the company will be
oblig ... 0% of their fair value. The beneficiaries under the
Will t ... will receive a fair market value for the shares.

6.3 This ... d in a way that is largely standard in shareholder
agree ... re a whole manner of variations, and it will largely
depe ... ts the shareholders consider to be acceptable
betw ... ultimately be drafted into the agreement. It is
esse ...

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reholder A>>

reholder B>>

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reholder C>>

reholder D>>

Company Name>>]

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ER AGREEMENT

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THIS AGREEMENT

BETWEEN:

- (1) <<Name of S>> <<Insert Address>> ("Shareholder A");
- (2) <<Name of S>> <<Insert Address>> ("Shareholder B");
- (3) <<Name of S>> <<Insert Address>> ("Shareholder C");
- (4) <<Name of S>> <<Insert Address>> ("Shareholder D"); and
- [(5) <<Name of C>> registered in <<Country of Registration>> under number <<C>> Number>> whose registered office is at] (the "Company")

WHEREAS:

- (1) The Company is a company and at the date of this Agreement has an issued share capital of <<amount>>, divided into <<number>> [Ordinary] Shares of £<<amount>> fully paid.
- (2) The Shareholders and beneficial holders of the following number of [Ordinary] Shares are:
 - Shareholder <<Name>> of shares owned>>
 - Shareholder <<Name>> of shares owned>>
 - Shareholder <<Name>> of shares owned>>
 - Shareholder <<Name>> of shares owned>>
- (3) The Parties have agreed to regulate relations between themselves and the affairs of the Company on the terms and subject to the conditions of this Agreement.

IT IS AGREED as follows:

1. Definitions

- 1.1 In the context otherwise requires, the following expressions shall have the following meanings:

"Annual Business Plan"	means, a plan prepared by the directors of the Company, in respect of each Financial Year of the Company, outlining the proposed objectives of the Company, containing cash flow projections and an estimated budget for that Financial Year;
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“Intellectual Rights”	s patents, rights to inventions, copyright and d rights, [moral rights,] trademarks, [service s,] business names, domain names, rights in get- d trade dress, goodwill and the right to passing off s, design rights, database rights, [rights sting in software,] rights to use confidential ation and the right to protect the same, and any all other intellectual property rights, whether ered or unregistered, including applications and ght to apply for (and be granted) renewals or sions of, and rights to claim priority from, any such and any and all equivalent rights or other forms ction subsisting now or in the future anywhere world; and
“Ordinary	s, the ordinary shares of <<insert value of a >> each in the capital of the Company [being the ssued shares in the Company];
“Reserved	s, any matter referred to in Clause [13];
“Service A	s, each service agreement in the agreed form en the Company and each of the directors;
Sharehold	s, Shareholder A, Shareholder B, Shareholder C hareholder D and any person to whom they may er their respective Shares pursuant to the Articles is Agreement;
“Shares”	s, the Ordinary Shares;
“Share Tr Provision	s, the provisions of the Articles relating to the er of Shares and expressions defined in those ions have the same meaning in this Agreement;
“Transfer	s, a date when a Shareholder transfers Shares [, er or not that transfer complies with the terms of greement].

- 1.2 Any r any c
- 1.3 Unles refer time.
- 1.4 Unles includ or pr
- 1.5 A ref the S
- 1.6 A ref form
- 1.7 A ref sub-c
- d any similar expression, includes a reference to ost or] email.
- erwise, legislation or a provision thereof is a provision as amended or re-enacted from time to
- erwise, legislation or a provision thereof, shall tion made from time to time under that legislation
- nt” is a reference to this Agreement and each of r supplemented at the relevant time.
- a schedule to this Agreement and all schedules as if set out in the main body thereof.
- Clause, or Paragraph is a reference to a clause or (other than the Schedules) or a paragraph of the

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- relevant
- 1.8 A reference to "Parties" refer to the parties to this Agreement.
- 1.9 A reference to an agreement or document is a reference to that agreement or document as amended or supplemented at the relevant time.
- 1.10 Any obligation not to do a particular thing includes an obligation to not do that thing.
- 1.11 The headings of this Agreement are for convenience only and shall have no effect on the interpretation of this Agreement.
- 1.12 Words in the singular number shall include the plural and vice versa.
- 1.13 References shall include any other gender.
- 1.14 References shall include natural persons, corporate, or unincorporated entities, whether or not the same have a separate legal personality.
- 1.15 References shall include companies, corporations, or other bodies, wherever incorporated or established.
2. **Administrative**
- Unless otherwise specified:
- 2.1 [the name of the Company shall be <<Name>>];
- 2.2 the registered office of the Company shall be <<Address>>;
- 2.3 the registered office of the Company shall be <<Email Address>>;
- 2.4 the name of the Auditors shall be <<Name of Auditors>>;
- 2.5 the annual general meeting of the Company shall be <<date>> in each Financial Year;
- 2.6 the Company shall be <<Name of bankers>>; and
- 2.7 <<other details>>
3. **Business of the Company**
- The Business of the Company shall be <<insert nature and description of the business>>, subject to variation in accordance with the provisions of this Agreement.
4. **Representations and Warrants**
- Each of the Shareholders represents and warrants to each of the other Shareholders that they have read and understood the terms of this Agreement and that performance of the obligations required under the terms of this Agreement will not result in a breach of any law or agreement or other contractual restriction binding upon them.
5. **Finance**
- 5.1 No Shareholder shall be required to subscribe for any shares or to provide any further funds for the Company save for the Shares agreed to be subscribed for and for the purposes of the Company to the terms of this Agreement.
- 5.2 Any funds borrowed by the Company will be borrowed by way of bank facility or from other normal market sources upon terms

- agree to the terms of the Agreement and the Shareholders.
- 5.3 To the extent that the provision provided for in Sub-clause 5.2 is not possible or is not acceptable to all the Shareholders for whatever reason, any transfer of shares to the Company by any Shareholder shall be in the form and conditions contained in Schedule 1.
- 5.4 If any loan or debt of the Company is to be raised by the issue of loan notes or debentures, such loan notes and/or debentures shall be offered to the existing holdings from time to time.
- 5.5 Any obligations given by the Shareholders in respect of the Company shall be agreed to be given by all the Shareholders severally by each Shareholder.
- 5.6 Any assets from time to time held by the Company shall be placed at the disposal of the Company at rates obtainable and with institutions approved by the Board.
6. **Financial Information**
- The Shareholders shall maintain the following for the Company:
- 6.1 maintain adequate accounting, financial and other records relating to the Company's Business; and
- 6.2 permit the Company to have full access to the financial and accounting records of the Company upon reasonable notice during Business Hours.
7. **Directors**
- 7.1 Each Shareholder shall be entitled to appoint [one] director to sit on the Board.
- 7.2 The Shareholders may appoint directors (excluding alternate directors) at any one time.
- 7.3 Each Shareholder may remove themselves or any other person that they want to be a director at any time and appoint another person to replace them.
- 7.4 The appointment or removal of a director shall be made in writing served on the Company to take effect at the time it is served on the Company. Each appointment or removal of a director shall require the Board's approval for any such appointment or removal is subject to the provisions of [insert relevant clauses].
- 7.5 The directors shall be subject to retirement by rotation.
- 7.6 A director may be removed by the written and continuing consent of the Shareholder who appointed him to appoint a person to be an alternate director in its place if the director thinks fit.
8. **Duties of Directors**
- 8.1 After the completion of the Agreement, the Company shall immediately enter into a Service Agreement with the directors.
- 8.2 The directors shall, after completion of this Agreement and their duties, be responsible for <<insert relevant

- b) shall be responsible for <<insert relevant
- c) shall be responsible for <<insert relevant
- d) shall be responsible for <<insert relevant

9. The Board

- 9.1 The <<Name>>.
- 9.2 Any <<Name>> meeting of the Board, other than Reserved Matters, shall be decided by a majority of votes of the directors present.
- 9.3 The <<Name>> shall resolve matters by written resolution of all the directors or by committees in accordance with the Articles.
- 9.4 Meetings shall take place at least <<insert frequency, e.g. once a month>> or times as may be required or as requested by the <<Name>>.
- 9.5 Unless otherwise decided by the <<Name>>, notice in writing shall be given of each meeting of the Board, specifying in as great a detail as is practicable the business to be transacted at the meeting and, unless all the directors (or their duly authorised representatives) agree otherwise, no matters shall be resolved at any meeting other than those specified in the notice of the meeting. The <<Name>> may also resolve matters of the Board by any means authorised by the Articles.
- 9.6 The <<Name>> shall constitute a meeting of the Board shall be two directors (or their alternates). If a quorum is not present within the time specified in the notice of the meeting (or the time as the chair of the Board may allow) of the meeting, the meeting shall be adjourned to the seventh day following the original meeting. If at the adjourned meeting a quorum is not present within fifteen minutes from the time specified in the notice of the meeting (unless otherwise agreed by directors or their duly authorised representatives), the adjourned meeting shall be held at such time and place as the <<Name>> may determine.

10. Shareholders

- 10.1 The <<Name>> shall resolve matters either by written resolution or at a general meeting of the Shareholders.
- 10.2 At a general meeting of the Shareholders, the business to be transacted shall be determined by a majority of the Shareholders present and entitled to vote on the resolution, unless otherwise requested. A poll vote may be demanded by:
- 10.2.1 the <<Name>> from time to time;
- 10.2.2 the <<Name>> entitled to vote on the resolution;
- 10.2.3 the <<Name>> not less than one tenth of the issued share capital or on all or substantially all Shareholder resolutions.
- 10.3 Shareholders' meetings shall take place at such time or times as may be required by the <<Name>> or as may be determined by the directors or Shareholders. Unless otherwise agreed by the <<Name>>, at least 14 Clear Days' notice in writing shall be given to the Shareholders entitled to attend and vote at a general meeting. Such notice shall specify in as great a detail as is practicable the business to be transacted at the meeting.

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pract considered at the meeting.

[This sub-clause 10.4 below.¹

10.4 The Company shall hold an annual general meeting yearly and, in any event, not more than 15 months shall elapse between the date of one annual general meeting and the date of the next. Unless otherwise agreed in writing by all Shareholders, at least 21 Clear Days' notice in writing shall be given to all Shareholders to attend and vote at the annual general meeting. Such notice shall contain in great detail as is practicable the business to be considered at the meeting.

10.5 The Company shall constitute a Shareholder meeting shall be as set out in section 306 of the Companies Act 2006. If a quorum is not present within thirty minutes for a general meeting, the meeting shall be adjourned to a new meeting to be held on the seventh day following the original meeting. If a quorum is not present within thirty minutes for the adjourned meeting the adjourned meeting shall be deemed to have taken place.

10.6 Any business may be taken by a Shareholder at any time, may be taken by that Shareholder.

10.7 A Shareholder may appoint more than one proxy.

10.8 No proxy shall be valid until the appointing Shareholder has given <<insert appropriate notice of each proxy appointment to the Company

11. Company Communications

The Shareholders shall consent to the use by the Company of electronic communications in dealing with the Shareholders, such use to be at the sole discretion of the Company.

12. Management

12.1 The Directors shall be responsible for the day-to-day administration and management of the Company within the terms of the Annual General Meeting.

12.2 [This clause is intended to be deleted]

12.2.1 The Directors shall manage the Business efficiently, including promoting the Business and development;

12.2.2 The Directors shall ensure that all necessary approvals, and consents, are obtained for carrying on the Business;

12.2.3 The Directors shall maintain all insurances reasonably required for the Business;

12.2.4 The Directors shall provide to each Shareholder within [4 weeks] of the end of each [quarter] financial statements and management accounts for that [quarter];

12.2.5 The Directors shall provide to each Shareholder as promptly as reasonably practicable financial and other information as may be requested by a Shareholder on receipt of reasonable prior written notice;

12.2.6 The Directors shall ensure that accounts are kept in respect of each accounting reference period and procure that such accounts are audited and approved by the auditors.

¹ Private limited companies are not required to hold an AGM.

13. **Reserved Matters**

- 13.1 The Shareholders shall not exercise any of the powers that save as contemplated by this Agreement the Company may exercise without either passing a unanimous resolution at a General Meeting of the Shareholders or obtaining the prior written consent of all the Shareholders.
- 13.1.1 The Shareholders shall not exercise any of the powers of the Company;
- 13.1.2 The Shareholders shall not exercise any of the powers of the Association;
- 13.1.3 The Shareholders shall not, below, pass any resolution for the winding up or dissolution of the Company;
- 13.1.4 The Shareholders shall not exercise any of the powers for the re-registration of the Company as a public company;
- 13.1.5 The Shareholders shall not exercise any of the powers to create a debenture, mortgage or charge (whether fixed or floating) or any security over the whole or any part of its assets;
- 13.1.6 The Shareholders shall not exercise any of the powers to or guarantee the indebtedness of any person, company or firm;
- 13.1.7 The Shareholders shall not exercise any of the powers to alter the scope of its business or undertake any business other than its Business;
- 13.1.8 The Shareholders shall not exercise any of the powers to save in respect of the debts owing to it in the ordinary course of its business; or
- 13.1.9 The Shareholders shall not exercise any of the powers to alter the accounting period any period other than a period of 12 months commencing on the date of the end of any accounting period any period other than the current date for end of accounting period>>.
- 13.2 The Shareholders shall not exercise any of the powers that save as contemplated by this Agreement the Company may exercise without either passing a special resolution approving the exercise of the power or obtaining the prior written consent of 75% of the Shareholders holding not less than 75% of the total voting rights of the Company.
- 13.2.1 The Shareholders shall not exercise any of the powers of a director of the Company;
- 13.2.2 The Shareholders shall not exercise any of the powers to alter the normal course of business, transfer or otherwise dispose of the whole or any part of the assets or undertaking of the Company whether by one or more series of transactions;
- 13.2.3 The Shareholders shall not exercise any of the powers to acquire any material asset, undertaking or enter into any material transaction or significant capital commitment or investment with a third party <Insert amount> save in respect of machinery, plant or equipment reasonably required in the ordinary course of the business of the Company [in respect of which the Shareholders have a say];

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- 13.2. or let on lease or tenancy or otherwise acquire or property or any estate or interest;
- 13.2. as employee or consultant or agent for a than £<<Insert amount>> per annum or increase y more than £<<Insert amount>> per annum the to any of its directors, officers, employees,
- 13.2. any shares, debentures, debenture stock or other company;
- 13.2. of the amounts borrowed and raised by the <<Insert amount>>; and
- 13.2. during period of the Company pay or distribute any holders in any capacity by way of dividend, bonus of a similar kind save in respect of its agreed out in Clause [14] and in any Service Agreement

14. Dividend Provisions

A minimum of 5% of the distributable profits (as defined in Section 736 of the Companies Act 2006) of the Company determined by the accounts of the Company for such period will be distributed to the Shareholders not later than <<Insert number of months e.g. 3>> months after the end of the relevant accounts to the directors of the Company for approval. All Shareholders shall exercise their respective rights and powers as to that the same is done.

15. Winding Up Provisions

- 15.1 If at any time it appears that the winding up of the Company is necessary, the Shareholders shall cast all necessary votes at a general meeting and shall cause the directors of the Company to cast all necessary votes at a board meeting to approve the winding up of the Company, in addition to any other steps which are required by law to wind up the Company.
- 15.2 The Shareholders shall ensure that the liquidator is a properly licensed insolvency practitioner available to all Shareholders. If the Shareholders are unable to agree a liquidator, the Company's Auditors shall appoint the liquidator.
- 15.3 In order to ensure that the maximum amount that may be available from the Company is distributed to the Shareholders, the Shareholders shall prove to the maximum extent permitted by law that they are entitled to fall due to them from the Company and in doing so may exercise any right of set-off or other act or mechanism that may be available to them.

16. General Overriding Provisions

- 16.1 Notwithstanding to 22 of this Agreement, a Shareholder may freely, at any time, transfer or all of their Shares to a [spouse or life partner of at least one of the Shareholders], or to the trustees of a trust in which that person or persons are named exclusively as beneficiaries]; and.
- 16.2 <<Other provisions>>

17. **Issue of Shares**

- 17.1 If the Company issues additional Shares [for cash] the Parties shall give notice to each Shareholder stating the number of Shares to be issued, the price per Share to be subscribed for (the "Company's Notice")
- 17.2 Each Shareholder shall have the option but not the obligation to subscribe at the option price set out in the Company's Notice for that proportion of the Shares to be issued the number of Shares held by them bears to the total number of Shares held by the Company gives its notice. This option may be exercised by the Shareholder at any time within <<Insert number of days>> days after the expiry of the Company's Notice accompanied by payment in full for the Shares to be subscribed for.
- 17.3 Any Shares issued pursuant to the Company's Notice with respect to which a Shareholder has exercised their options may be issued by the Company in accordance with the Company's Notice provided such sale is completed within <<Insert number of days>> days after the expiry of the option period set out in Clause 17.2 above.

18. **Sale or Transfer of Shares**

- 18.1 No Shareholder shall transfer, mortgage, charge, encumber or otherwise dispose of or create any interest therein except in accordance with the provisions of this Agreement.
- 18.2 A Shareholder may transfer their Shares to any other person provided that:
- 18.2.1 the transfer is in accordance with the Share Transfer Provisions;
- 18.2.2 the Shareholder makes a written offer ("the Seller's Notice") stating the number of Shares to be transferred, the consideration price per Share and the name of the proposed transferee to all of the remaining Shareholders. All Shareholders shall have the irrevocable and exclusive option but not the obligation to purchase that proportion of the Shares proposed to be transferred the number of Shares held by them bears to the total number of Shares held by the Company at the time the Seller's Notice is issued for the period specified in the Seller's Notice and upon the terms specified in the Seller's Notice. This option may be exercised by notice to the Seller given at any time within <<Insert number of days>> days following the Seller's Notice accompanied by payment in full for the Shares to be taken up;
- 18.2.3 any Shares to which the Shareholders do not exercise their options may be transferred in the manner stated in the Seller's Notice provided such transfer is completed within <<Insert number of days>> days after the expiry of the period specified in Sub-Clause 18.2.2 above; and
- 18.2.4 the Seller has executed a deed of adherence to this Agreement and the proposed transferee agrees to be bound by all provisions of this Agreement as if they were a Party to it.
- 18.3 The Company shall not register for registration any transfer of Shares which complies with the provisions of Clause 18 and decline to approve for registration any transfer of Shares which does not comply with the provisions of Clause 18.
- 18.4 [In the event of any of the circumstances referred to in Sub-clause 18.5 below occurring, that Shareholder shall be deemed to have agreed to the transfer of their Shares in accordance with the provisions of this Agreement.]

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holders shall be deemed to have received) a Seller's
y preceding such event in respect of the Shares
holders shall have the irrevocable option but not
y or all the offered Shares for the price per share
h Clause 19 below, terms to be for cash against
fer and relative certificate[s].

18.5 The o in Clause 18.4 above are:

18.5. Shareholder owning equal to or more than 50%
ed share capital at that time, goes into liquidation
r voluntary (except for the purposes of a *bona fide*
algamation with the consent of all the other
nsent not to be unreasonably withheld,) or has an
g, administrative receiver or manager appointed
ets or undertakings;

18.5. the Shareholder is declared bankrupt;]

18.5. o order being made against the Shares in the
Shareholder;

18.5. commits any [material] breach of any of his
Agreement and fails to remedy such a breach (if
thin <<Insert number of days e.g. 30>> days after
he other Shareholders so to do;

18.5. o is also an employee of the Company retires from

19. Valuation o

The sale and
be such sum
Shares as be
as at the dat
such Shares

to be transferred under Clause 18.4 above shall
rtify to be, in their opinion, the Fair Value of such
d a willing seller, contracting at arm's length terms
g such option but without taking into account that
erest in the Company.]

20. Procedure A

20.1 If, at
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reason, a Shareholder ceases to be a shareholder,
tely:

20.2 resign
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company and from any other office connected with
hout compensation for loss of office;

20.3 imme
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enever the Company directs, any Shares in any
older as nominee of the Company;

20.4 irrevoc
resign

company to appoint some other person to sign
Shareholder;

20.5 not fr
Share

o anyone that the Shareholder is still a director or
or associated with it;

20.6 return
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ut request all property owned by the Company
to have value;

20.7 delet
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ation from any computer disks, tapes, or other

20.8 not o
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with any customer, supplier, or employee of the

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20.9 If a Shareholder does not comply with any provision of this Clause where required by the signing of some document or doing of some other thing, then that Shareholder now irrevocably authorises some person in the name and behalf of that Shareholder to do any such thing (without prejudice to any other remedy that may have against the Company arising out of this Agreement).

21. **Shareholder's obligations**

21.1 This Clause shall bind upon the successors and permitted assignees of each Shareholder.

21.2 The obligations of a Shareholder shall cease on the Transfer Date, but the obligations shall remain in full force and effect:

21.3 any obligations arising from this Agreement and outstanding and unpaid at the date of the Shareholder's death; and

21.4 any obligations arising from a Shareholder's Service Agreement or other agreement entered into in connection with it.

22. **[Transfer of Shares] Capacity**

In this paragraph

PR:	the person or persons who are the legal representatives or other person in control of the Shareholder resulting from an Applicable Event.
Applicable Date:	the date of an Applicable Event.
Applicable Event:	

- a) the date of the Shareholder's death;
- b) the date of the Shareholder's loss of power of attorney in respect of the health and care of the Shareholder; or
- c) the date of the Shareholder's admission as a patient as defined by section 145 (1) of the Mental Health Act 1983.

Applicable Shares	means Shares which are owned by a Shareholder whose affairs become subject to an Applicable Event.
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22.2 A PR shall, as soon as a provision comes to their notice, notify the directors of the Company and the following provisions shall take effect.

22.3 The Applicable Shares shall be re-registered in the name of any person unless the PR makes the following procedure.

22.4 Notice given by a PR shall be irrevocable and shall be deemed to be an offer for sale of the Applicable Shares at the Fair Market Value determined by the procedure.²

22.5 As soon as the PR receives notice after notice of an Applicable Event has been given to the Company, the Auditors shall be instructed to determine the Fair Market Value of the Applicable Shares.

² It may be that the parties to the Agreement should be transferred to their beneficiaries under their Will, rather than to be valued and transferred to their estate. This is a complicated matter and should be sought.

- Price of the Shares. The cost of such work shall be payable by the PR.
- 22.6 Any share purchase agreement entered into by the Company shall be deemed to have been made:
- 22.7 firstly, if the Company shall have the right to accept any or all of the Applicable Shares (or any part thereof) (fully or partly able to do so) by written notice given by it to the Shareholder within 21 days of the notification of the value of the Applicable Shares;
- 22.8 if or when the offer made to the Company is not accepted, then the Company shall, in proportion to the number of Shares owned by the Shareholder, be deemed to have accepted the offer.
- 22.9 A Shareholder who has accepted any or all the Shares offered to that Shareholder shall give notice of acceptance to the Company within 21 days of the notification of the value of the Applicable Shares. If such notice is not received by the Company, the Shareholder is deemed to have declined the offer.
- 22.10 A notice of acceptance shall be irrevocable and shall give rise to a legally binding contract between the Company or the person giving notice and the Shareholder. The PR shall transfer to the Company or the Shareholder the Shares and the Company or the Shareholder shall pay the purchase price of the Shares.
- 22.11 If neither the Company nor the Shareholders accept the offer to buy the Shares, the Company shall buy the shares within six months of the date of the offer at the price of [90%] of the Fair Price.]
23. **Confidentiality**
- 23.1 The PR shall inform the Informant that except as authorised in writing by the Informant, at all times during the continuance of this Agreement and for a period of [5 months] after its termination:
- 23.1.1 the PR shall endeavour to keep confidential all Confidential Information;
- 23.1.2 the PR shall not disclose Confidential Information to any other person except its employees, bankers, lenders, partners, and other professional advisers, in each case only if such person, body or entity is under appropriate confidentiality obligations; and
- 23.1.3 the PR shall not use Confidential Information for any purpose otherwise than as authorised in writing by the Informant, subject to the terms of this Agreement;
- 23.1.4 the PR shall not make any record in any way or part with possession of any Confidential Information; and
- 23.1.5 the PR shall ensure that its agents or advisors does any act which, if done by the PR, would be in breach of the provisions of Sub-clauses 23.1.1 to 23.1.4.
- 23.2 The provisions of this clause 23 shall continue in force in accordance with its terms until the termination of this Agreement for any reason.
24. **Non-Competition**
- Each Shareholder shall agree and warrant to the others that they shall not during this Agreement or for a period of [12 months] after ceasing to be a Shareholder:
- 24.1 for a period of [12 months] after ceasing to be a Shareholder:

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pany (alone, jointly with or as manager or agent
directly carry on or be engaged in any business
the Business of the Company within <<Insert town,
ny is located>>;

24.2

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er of months e.g. 12>> month[s] after ceasing to
pany either on their own account or for any other
ere with or endeavour to entice away from the
ess who is then or was in the <<Insert number of
g such termination a client of the Company;

24.3

for a
be a
perso
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er of months e.g. 12>> month[s] after ceasing to
pany either on their own account or for any other
ere with or endeavour to entice away from the
then or was in the <<Insert number of months>>
mination an employee of the Company.

25. **Conflict with**

Insofar as a
Articles, the
require, the s
provisions h

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

26. **Duration**

This Agree
so long as t
any Shares
winding up.

force and shall bind each of the Shareholders for
al owner and/or registered member in respect of
this Agreement's termination or the Company's

27. **Termination**

27.1 Subje

greement shall terminate:

a)

passed by the Shareholders or creditors of the
is made by a court or other competent body or
cess that shall lead to the Company being wound
g distributed among the Company's Shareholders

b)

a receiver, administrator or administrative receiver
part of the assets of the Company or the making
with the creditors of the Company for the affairs,
of the Company to be managed by a supervisor;

c)

transfer of Shares made in accordance with this
articles, only one person remains as legal and
Shares; or

d)

27.2 On te

ent, the following Clauses shall continue in force:

a)

and Interpretation);

b)

etition and Non-Solicitation);

c)

d)

ality);

e)

d Service);

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- f) Partnership or Agency);
- g) and Waiver);
- h));
- i) Agreement);
- j)
- k) Jurisdiction); and
- l)
- 27.3 Termination shall not affect the rights, remedies, obligations or liabilities that have accrued up to the date of termination, including damages in respect of any breach of the Agreement on the date of termination.
28. **Notices and Communications**
- All notices to be given under this Agreement shall be in writing and shall either be delivered personally or by first class prepaid post or by email and shall be deemed duly served:
- 28.1 in the case of delivery personally, at the time of delivery;
- 28.2 in the case of delivery by first class prepaid post, 2 Clear Business Days after the time of posting;
- 28.3 in the case of delivery by email, during normal Business Hours then at the time of sending, and after normal Business Hours then on the next following Business Day, provided that a confirmatory copy is sent by first class prepaid post on the next Business Day.
- 28.4 Any notices shall be sent to the postal or email address of such Shareholder as appears in the books of the Company or to such other address as such Shareholder may have designated pursuant to this Clause.
- 28.5 [Any notices shall be sent to the registered offices of the Company and its email address or such other postal or email address as such Shareholder may have designated pursuant to this Clause.
29. **No Partnerships**
- 29.1 This Agreement shall not be construed so as to create a partnership or joint venture between the Parties.
- 29.2 Nothing in this Agreement shall be construed so as to constitute any of the Parties a partner of the other.
30. **Variation and Waiver**
- 30.1 No variation or waiver of any provision of this Agreement shall be effective unless it is in writing and signed by or on behalf of the Party to whom it is given for the time being.
- 30.2 A waiver under this Agreement or by law is only effective if it is in writing and signed by the Party waiving such right or remedy. Any such waiver shall only apply to the circumstances for which it is given and shall not constitute a waiver of that or any other right or remedy in respect of any subsequent breach or default.
- 30.3 A failure to exercise any right or remedy provided under this Agreement shall not constitute a waiver of that or any other right or remedy, nor shall it restrict any further exercise of that or any other right or remedy.

- 30.4 No s... of any right or remedy provided under this Agreement shall prevent or restrict the further exercise of that or any other...
31. **Severance**
If any provision of this Agreement shall be held by any court or other competent authority to be invalid or unenforceable in whole or in part, this Agreement shall continue to be valid and enforceable in the remainder of the affected provision.
32. **Entire Agreement**
32.1 This Agreement shall constitute the entire agreement between the Parties and supersede all previous agreements and understandings between the Parties.
32.2 Each Party represents and warrants that, in entering into this Agreement, it is not relying on any oral or written representation, pre-contractual statement or other provision not contained in this Agreement.
32.3 Without limitation of the foregoing, no Party shall have any remedy in respect of any statement or representation made to them upon which they may have relied in entering into this Agreement, and a Party's only remedy is for breach of contract. This Agreement purports to exclude liability for any fraud or negligent misstatement.
33. **Non – Assignment**
This Agreement and the obligations hereunder shall not be assigned, in whole or in part, by either Party without the written consent of the other Party. Neither Party may assign, mortgage, [or] charge (other than by way of security) [or sub-license] any of its rights hereunder, or subcontract any of its obligations hereunder, except in accordance with the terms of this Agreement.
34. **Further Assurances**
Each Party shall do all such acts and execute all such documents as may be necessary or appropriate to give full effect to the provisions of this Agreement.
35. **Costs**
EITHER
The costs and expenses (including professional, legal and accountancy expenses) of the preparation, negotiation, execution of this Agreement and associated documentation shall be borne equally by the Parties.
OR
Except as expressly provided in this Agreement, each Party shall pay their own costs and expenses in connection with the preparation, negotiation and execution of this Agreement and associated documentation.
36. **Dispute Resolution**
36.1 The Parties shall attempt to resolve any dispute arising out of or relating to this Agreement by negotiation through their appointed representatives who have authority to bind the Parties to any such disputes.
36.2 [If negotiation fails, the Parties shall use 36.1 do not resolve the matter within <<insert number>> days of the written invitation to negotiate, the Parties will attempt to resolve the dispute in good faith through an agreed Alternative Dispute Resolution process.]

- Reso .]
- 36.3 [If the sub-Clause 36.2 does not resolve the matter within
<<ins of that procedure, or if either Party will not
partic ure, the dispute may be referred to arbitration by
eithe
- 36.4 The s der sub-Clause 36.3 shall be England and Wales.
The r rned by the Arbitration Act 1996 and Rules for
Arbitr n the Parties. If the Parties are unable to agree on
the a or Arbitration, either Party may, upon giving written
notice y to the President or Deputy President for the time
being e of Arbitrators for the appointment of an arbitrator
or ar sion on rules that may be required.]
- 36.5 Noth I prohibit either Party or its affiliates from applying
to a d e relief.
- 36.6 The I t the decision and outcome of the final method of
dispu Clause 36 shall [not] be final and binding on both
Partie
37. **Law and Ju**
- 37.1 This y non-contractual matters and obligations arising
there ewith) shall be governed by, and construed in
acco England and Wales.
- 37.2 Subje Clause 36 (Dispute Resolution), any dispute,
contr r claim between the Parties relating to this
Agre on-contractual matters and obligations arising
there with) shall fall within the jurisdiction of the courts
of En

SIGNED for and on by:
<<Name and Title o eholder A>>

Authorised Signatur

Date: _____

SIGNED for and on by:
<<Name and Title o eholder B>>

Authorised Signatur

Date: _____

S

SIGNED for and on behalf of <<Name and Title of Counterparty C>> by: <<Name and Title of Counterparty C>>

A

Authorised Signatory
Date: _____

M

SIGNED for and on behalf of <<Name and Title of Counterparty D>> by: <<Name and Title of Counterparty D>>

P

Authorised Signatory
Date: _____

L

E

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SCHEDULE 1

Name of Borrower	Amount of Loan

[Insert terms and conditions of loans made under this Agreement.]