

Shareholders' agreement: standard version

Agreement between shareholders for the regulation of

[Company name]

Dated: [date]

Agreement between shareholders for the regulation of

[Company name]

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Schedule 1 Existing IP owned by IP shareholder

Schedule 2 Ownership of assets

Schedule 2 Ownership of assets [REDACTED]
Schedule 3 Letter of instruction [REDACTED]

This agreement is dated: [■ ■ ■ ■]

The Company is: [company █ █ █ █] (█ █ █ " █ █ █ ")

The Company's registered office is: [REDACTED / REDACTED]

The Shareholders are:

[name] of [address]

[name] of [address]

[name] of [address]

[name] of [address]

The background to this agreement is:

These are the terms of the agreement:

1. Definitions

Act: means the Corporations Act 2001 and any subsequent [REDACTED], [REDACTED]

Constitution: means constitution of the Company.

Business: means the business of [state nature of business concisely].

Confidential Information: means all information, including:

information which may give a commercially competitive advantage to any other person. ■ ■ ■

A horizontal row of 15 small black squares, followed by a vertical ellipsis (three dots) indicating continuation.

information about staff, their performance and ■ ■
■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ,

data or information relating to suppliers, product plans, marketing strategies, finance, performance, operations, customer ■ ■ ■ ■ , ■ ■ ■ ■ ■ ■ ■ , ■ ■ ■ ■ ■ ■ ■ ■ , ■ ■ ■ ■ ■ ■ ■ ;

information created or arising from this agreement;

information, comment or implication published on
■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ;

Director: means a .

Intellectual Property: means intellectual property of every sort, whether or not registered or registrable in any country,

including intellectual property of all kinds coming into existence after today; and including, among others, [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED], [REDACTED].

2. Interpretation

In this agreement unless the context otherwise requires:

3. Relationship of parties

4. Shareholders' details

The shareholders in the Company are:

Name of shareholder	Number of shares
ABC	20
DEF	20
GHI	40
XYZ	20

5. Completion

6. Special voting rights

7. Appointment and removal of Directors

“ ” “ ”
” .

8. Duties of Directors

9. Proxy votes

10. Company's obligations

11. Shareholders' obligations

12. Actions requiring 75% shareholder consent by law

13. Dividend policy and procedure

14. Other matters requiring shareholders' consent

15. Existing Intellectual Property

16. New Intellectual Property

17. Assets introduced by a shareholder

- 17.1. This paragraph does not apply to Intellectual Property.

- 17.2. The assets listed under the [REDACTED] [REDACTED].
[REDACTED] [REDACTED] [REDACTED].

17.3. This paragraph applies to those assets and also [REDACTED]
[REDACTED], [REDACTED]
[REDACTED].

17.4. Unless a clear intention of gift [REDACTED], [REDACTED]
[REDACTED]
[REDACTED].

17.5. Each shareholder, who has permitted assets of any description [REDACTED]
[REDACTED], [REDACTED]
[REDACTED]
[REDACTED]. [REDACTED]:

17.5.1 is limited to [REDACTED]
[REDACTED];

17.5.2 prohibits reproduction in [REDACTED], [REDACTED]
[REDACTED]; [REDACTED]

17.5.3 shall terminate at any time [REDACTED]
[REDACTED] [REDACTED] [REDACTED].

18. Confidentiality

18.2. This paragraph does not apply to disclosure:

19. General provisions relating to shares

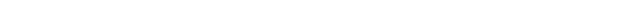
20. Exit provision: co-operate to find buyer

QR

- 20.3. procure some other avenue whereby any shareholder may dispose of shares at a [REDACTED] \$[
10 , 000 , 000], [REDACTED]
■ .

21. Share sale by single shareholder

- 21.1. In this paragraph:

Sale Price: 

- ### 21.2.1 the number and classes of Sale Shares:

22. Procedure after transfer

23. Shareholder's continuing rights and obligations

23.1.
.....

1

24. Restrictions on shareholder after transfer

Each shareholder agrees that:

24.2. [] , , ,

- [···] ;
- 24.3. ··· [···] , ··· , ··· , ··· ;
- 24.4. ··· [···] , ··· , ··· , ··· ;
- 24.5. ··· , ··· , ··· ; ···
- 24.6. ··· .

25. Transfer of shares on death or incapacity

In this paragraph:

···· : ···
····
····
···· .

···· : ··· .

Relevant Event: means any one of:

the death of a shareholder; or

····
····
···· ; ···

the certification of a shareholder.

26. Transfer of shares on bankruptcy

..... ,

27. Life insurance provision

In this paragraph:

10

The header features a decorative pattern of black squares arranged in a grid. The grid has approximately 10 columns and 5 rows. The squares are solid black and are set against a white background. The pattern is centered at the top of the page.

Life Assured: means each of:

■ ■ ■ ■ ■ ■ ■ ■ :

A grid of black squares on a white background, arranged in 10 rows and 10 columns. The squares are evenly spaced and form a perfect square pattern.

10 of 10

.....

27.1

27.2.

27.3.

27.4.

27.5. The Sum shall be payable to the Beneficiaries.

28. Publicity

.....

29. Conflict with the Constitution

30. Miscellaneous matters

.....

Signed by [full name of a Director], duly authorised on behalf of the Company

Signed by [full name], a shareholder:

Signed by [full name], a shareholder:

Schedule 1: Existing IP owned by IP shareholder

Schedule 2: Ownership of assets used by the Company

Schedule 3: Letter of instruction to accountants for valuation

On the letterhead of the company

To: Bloggs accountants

Dear Sirs

Shares valuation - this company

[] %

To assist you we now enclose:

- [REDACTED], [REDACTED];
 - [REDACTED];
 - details of the current and forward order book;
 - budget for the next **[two]** years;

OR

Please make your valuation on the following assumptions:

3. [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]
%].
4. [REDACTED]
[REDACTED] / [REDACTED], [REDACTED]
5. [REDACTED]
[REDACTED], [REDACTED] / [REDACTED]
[REDACTED]
6. [REDACTED]
[REDACTED]
[REDACTED], [REDACTED]:

6.1. depreciation,

6.2. salary payments to the directors,

6.3. other emoluments of the directors,
7. [REDACTED], [REDACTED]
[REDACTED] ([REDACTED]
[REDACTED]
[REDACTED]).
8. [REDACTED]
[REDACTED]
9. [REDACTED]
[REDACTED]
10. [REDACTED]
[REDACTED]
11. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- .
12. [REDACTED]
[REDACTED]
[REDACTED]

Yours faithfully,

Explanatory notes:

Shareholders' agreement: standard version

General notes

1. Although all matters relating to the structure and management of a company must stay within the framework provided by the Act, this agreement is comparatively unregulated. It is, therefore, open to you to make whatever arrangements you wish. The starting point for this agreement should therefore be a "wish [REDACTED]" [REDACTED]. [REDACTED]!
[REDACTED], [REDACTED], [REDACTED]!
2. There are also some important preliminary decisions relating to who does what, how the whole deal terminates, and what happens when someone dies or wants [REDACTED].
[REDACTED]. [REDACTED]
3. Before you can discuss the detail of this document, everyone involved should talk about the "exit strategy". We can advise confidently that there will be a dispute at some [REDACTED], [REDACTED], [REDACTED], [REDACTED].
[REDACTED]. [REDACTED]
4. What we can do in this document is to give you ideas on how to minimise your disputes by advance agreement. Sadly, neither you nor we know what problems will arise. You cannot stop bad things from happening, but you can provide as best you can. That is what we try to do in [REDACTED] 25 [REDACTED].
[REDACTED], [REDACTED]. [REDACTED]
[REDACTED]. [REDACTED]
5. When two people each own 50% of the shares, you have stalemate from the start. This structure is sometimes essential, but avoid it if you can. Several clever ways have been devised to avoid conflict [REDACTED].
[REDACTED]. [REDACTED]
6. Other issues you should address are:
 - 6.1. What if the buying shareholder has no money?
 - 6.2. What if one of the shareholders is indispensable to the business, so that if he goes, [REDACTED]?

Paragraph specific notes

Notes following the numbered paragraphs

1. Definitions

2. Interpretation

3. Relationship of parties

4. Shareholders' details

5. Completion

The agreement does not of itself make things happen. So far as change must be made, it is likely to be through service contracts, minutes of meetings, and

6. Special voting rights

7. Appointment and removal of Directors

8. Duties of Directors

9. Proxy votes

The question of absence through holidays or sickness is often overlooked. It is likely that the constitution covers the situation at meetings, but will not cover other situations. You need to be able to appoint someone to vote your shares if [REDACTED]. [REDACTED], [REDACTED]. [REDACTED]. [REDACTED].

10. Company's obligations

11. Shareholders' obligations

Edit as you require.

12. Actions requiring 75% shareholder consent by law

13. Dividend policy and procedure

You do not have to include a dividend policy in a shareholders agreement. A young and expanding company may prefer to state categorically that no dividend shall be paid.

14. Other matters requiring shareholders' consent

15. Existing Intellectual Property

16. New intellectual property

17. Assets introduced by a shareholder

18. Confidentiality

19. General provisions relating to shares

20. Exit provision: co-operate to find buyer

You can decide now exactly what will be the future of the company or you ■ ■

Practically, we advise that you do not bind yourselves to a drastic termination unless

21. Share sale by single shareholder

A decorative horizontal border consisting of four rows of black squares, spaced evenly apart.

The downside is that the " .

22. Procedure after transfer

23. Shareholder's continuing rights and obligations

It is almost impossible to devise a deal whereby all shareholders are treated equally because at the moment when one decides ■ ■ ■ ■ ■ ■ ■ ■ , ■ ■ ■ ■

A decorative horizontal border consisting of a repeating pattern of black squares and white diamonds. The pattern is composed of two rows of alternating black squares and white diamonds, creating a textured, woven effect. The border spans the width of the page.

24. Restrictions on shareholder after transfer

The carefully chosen wording of these restrictions is necessary to withstand the general proposition that an agreement "in restraint of trade" [REDACTED]

A 5x10 grid of black squares arranged in five horizontal rows and ten vertical columns, forming a pattern of alternating black and white squares.

25. Transfer of shares on death or incapacity

There are 20 black squares.

A PR is compelled to carry out [REDACTED], [REDACTED]
[REDACTED], [REDACTED]
[REDACTED].

26. Transfer of shares on bankruptcy

We are sometimes asked what steps should be taken when a court order is made, declaring a [REDACTED]. [REDACTED]
[REDACTED] . [REDACTED]
[REDACTED] , [REDACTED] . [REDACTED]

27. Life insurance provision

28. Publicity

We have no comment

29. Conflict with the Constitution

30. Miscellaneous matters

Letter to accountant - valuers

End of notes