Shareholders' agreement: single majority owner retains control

Agreement between shareholders for the regulation of

[Company name]

Dated: [date]

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Schedule 1	Intellectual Property owned by shareholder
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Inis	agreen	nent is dated:	[date]
The	Compa	iny is:	[company name] ("the Company")
The	Compa	ny's registered office is:	[company r/o]
The	Sharel	nolders are:	
[nam	ne]		of [address]
[nam	ne]		of [address]
The	backgı	round to this agreemen	t is:
Opti	ion 1: น	use this = = = = = = =	
1.	[ARC	`]	
2.	The Company is a proprietary limited company, ACN [1234567], incorporated in Australia on [date]		
3.	Befo	re completion of this agre	ement:
	3.1	the Company has a sha ordinary shares of \$ 1 e	are capital of \$ [1000] made up as to [1000] each.
	3.2	all issued ■ ■ ■ ■ ■ ■	
	3.3	the shareholdings ■ ■ ■	
4.	The	parties have agreed ■ ■ ■	
Opti	i <mark>on 2:</mark> ບ	ıse this ■ ■ ■ ■ ■ ■ ■ ■	
5 .	The	shareholders	
0.			
6.		Company ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■	■ ■ ■ ■ ■ ■ ■., ACN [1234567], incorporated
7.	Befo	re completion of this agre	ement:
	7.1		■■■■■■■■■■■.of \$ [1000] made up as

These are the terms of the agreement:

1. Definitions

These definitions apply unle	ess the context • • • • • • • • • • • • • • • • • • •
"Act"	means the Corporations Act 2001 and any subsequent additions, ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
"Business"	means the business of [state \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare
"Confidential Information"	means all information about the Company and the other parties to this agreement but does not include information that it is reasonably necessary to disclose to a customer or other person in the usual course of business so far as that information is disclosed in those circumstances. It includes among other things: information about staff, their personal contact information,
"Constitution"	means the constitution of the Company
"Director"	means a director of the Company.
"Fair Price"	means the price of Sale Shares or Transfer Shares certified by the auditor of the Company or by independent accountant instructed for the purpose of such
"Intellectual Property"	means intellectual property of every sort, whether

"PR" means the personal representatives or other

person in control of the affairs of a shareholder as

"Sale Notice" means a notice given by a shareholder to the

Company, **•••••••••••**

 $\bullet \bullet \bullet \bullet \bullet .$

"Sale Price" means the price specified in a Sale Notice.

"Sale Shares" means the shares which a shareholder wishes to

............

"Transfer Date" means the date when a shareholder transfers the

"Transfer Event" means any one of:

the death of a shareholder; or

the registration of power of attorney in respect of the medical treatment

.

the certification of a shareholder as a patient.

"Transfer Shares" means shares which are owned by a shareholder

whose affairs = = = = = = = = = = = = =

2. Interpretation

In this agreement unless the context otherwise requires:

2.1. a reference to a person includes a human individual, a corporate entity and any organisation

2.2.	a reference to the singular may be interpreted where appropriate as a
2.3.	a reference to a person or party includes reference to that person's successors, legal representatives, permitted assigns and any person to whom rights and obligations are transferred or pass as •••••••••••••••••••••••••••••••
2.4.	a references to a paragraph or schedule is to a paragraph or schedule to this agreement unless the context
2.5.	the headings to the paragraphs and schedules (if any) to this agreement are inserted ••••••••••••••••••••••••••••••••••••
2.6.	unless the context requires otherwise, words importing the singular include the plural and vice versa, and pronouns importing a ,
2.7.	any agreement by any party not to do or omit to do something includes an obligation not to allow some
2.8.	[except where stated otherwise], any obligation of any person arising from this ••••••••••••••••••••••••••••••••••••
2.9.	a reference to the knowledge, information, belief or awareness of any person shall be deemed to include the knowledge, information, ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
	••••••••
2.10.	a reference to an act or regulation includes new law of substantially the same ••••••••••••••••••••••••••••••••••••
2.11.	this agreement is made only in the English language. If there is any conflict in meaning between the English language version of this agreement and any version or

3. Re	lation	ship	of	parties
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	3.1. Nothing in this agreement shall create a partnership or agency or the relationship of employer and employee between any of the ** ** ** ** ** ** ** **			
	3.2.	This agreement contains the entire agreement be supersedes all previous agreements and underst parties. Each party acknowledges that, in entering the	tandings between the	
	3.3.	Each shareholder undertakes to use his best energy promote the		
4.	Issu	ance of shares		
	_	this paragraph if the company is new and shares in a second share second shares in a second share	have • • • • • • • •	
	The following number of shares of \$1 each will be issued to • • • • • •			
		Name of shareholder	Number of shares	
		Pat	800	
		Joe	200	
5.	Sha	reholders' details		
	[Use	this paragraph if the company is already operation	nal and you ■ ■ ■ ■ ■	
	The s	hareholders in the Company are:		
		Name of shareholder	Number of shares	
		ABC	800	
		DEF	200	

6. Completion

	The p	oarties a	gree to give effect to this
	6.1.	and m	duct such business of the Company and sign such resolutions inutes as may be necessary and to instruct the [company ary] to write up the
		■.	
	6.2.		hareholder shall receive such number of shares as is set out this name in paragraph 4 I I I I I I I I I I I I I I I I I I
	6.3.		ompany shall not be obliged to issue shares to a shareholder payment of the specified price is made • • • • • • • • • • • • • • • • • • •
7.	Cor	npany	's use of money
	The (Compan	y will use the money from the shares solely to ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
8.	Dire	ector r	nay delegate
	8.1.	-	et to the Constitution, the Director may delegate common strative matters to any •••• [••••••], ••••••
		8.1.1	by whatever means
		8.1.2	to whatever extent
		8.1.3	on whatever terms as he thinks fit.
		For the	e purpose of this paragraph the "■■■■■■■■■■■"■■■
		8.1.4	dealing with employees
		8.1.5	making arrangements for meetings,
		8.1.6	banking matters,

	8.1.8	maintenance of books of accounts / annual accounts,		
	8.1.9	keeping the members informed.		
8.2.	If the Director so specifies, any such delegation may authorise further delegation of the directors'			
8.3.	The Director may revoke any delegation in whole or part,			
Pro	xy vot	es		
9.1.	time, m	tion or decision which may be taken by a shareholder at any hay be taken ••••••••••••••••••••••••••••••••••••		
9.2.	A share	eholder may not appoint more ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ .		
9.3.	notice of his appointment in hard or soft copy to the Company [
Con	npany	's obligations		
10.1.	The Co ■:	ompany undertakes with the each		
	10.1.1	carry on the Business efficiently;		
	10.1.2	ensure that any decision reasonably likely to affect the Business (apart from day to day administration) is taken ■ ■		
		;		
	10.1.3	maintain insurances appropriate and usual for $\blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare \blacksquare$		
	10.1.4	buy, sell and deal at all times and in all circumstances at the best		

preparation of annual budget estimates,

8.1.7

9.

			Business and to make all information of every sort available to the Director,
		10.1.6	deliver to each shareholder as promptly as reasonably practicable • • • • • • • • • • • • • • • • • • •
		10.1.7	prepare such accounts in respect of each accounting reference period as are
11.	Sha	reholo	lers' obligations
	11.1.	The sha	areholders agree to exercise their powers in relation
	11.2.	he rem	hareholder undertakes with each of the other parties that whilst ains
12.	Divi	dend	policy and procedure
	12.1.	Divider	ads shall be = = = = = = = = = = = = = = = = = =
	12.2.	A divide	end must not be declared unless the Director
	12.3.		dend shall be paid until the annual accounts = = = = = = = = = = = = = = = = = = =

10.1.5 keep accurate accounts and records of the Company and the

13.	Actions	requiring	shareholder	consent
------------	----------------	-----------	-------------	---------

The s	hareholders, whether as directors or shareholders, will not permit
	••••••••••••••••••••••••••••••••••••••
13.1.	change the name or type of the Company;
13.2.	adopt a constitution after • • • • • • • • • • • • • • • • • • •
13.3.	pass any resolution for voluntarily winding-
13.4.	in any way change the quantity, structure, value,
Exis	sting Intellectual Property
	shareholder (the "IP shareholder") owns = = = = = = (" = = = ") =
14.1.	The Company and its Directors
14.2.	In the absence of any other documented licence agreement between the Company and the IP shareholder,
	••••••••••
14.3.	The IP shareholder may terminate • • • • • • • • • • • • • • • • • • •
14.4.	If, in the course of business, the Company has permitted any client or customer to use any SHIP which may have become incorporated ■ ■

	••••	
14.5.	In the c	ircumstances of
	14.5.1	Schedule [1] of
	14.5.2	nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent an IP shareholder nothing in this agreement shall prevent shall be agreement shal
	14.5.3	nothing in this agreement shall prevent a = = = = = = = = = = = = = = = = = =
New	Intell	ectual Property
15.1.		nareholder understands that whilst associated with the ny, he may discover or
	15.1.1	do his utmost to • • • • • • • • • • • • • • • • • •
	15.1.2	inform the Company • • • • • • • • • • • • • • • • • • •
	15.1.3	provide to the Company whatever full code, passwords, specification,
15.2.		te this effective each shareholder now undertakes to do er is

15.3.	If Intellectual Property owned by a shareholder and used by the Company with his permission, is incorporated into
15.4.	This paragraph does not apply to Intellectual Property created by
Ass	ets introduced by a shareholder
16.1.	This paragraph does not apply to Intellectual Property.
16.2.	The assets listed under the ************************************
16.3.	This paragraph applies to those assets and also
16.4.	Unless a clear intention of gift • • • • • • • • • • • • • • • • • • •
16.5.	Each shareholder, who has permitted his assets of any description ■ ■
	16.5.1 is limited to •••••;
	16.5.2 prohibits reproduction • • • • • • • • • • • • • • • • • • •
	16.5.3 shall terminate at any time • • • • • • • • • • • • • • • • • • •

17. Confidentiality

16.

17.1. Each shareholder agrees and undertakes that he will:

		17.1.1	not remove from Company's premises or copy or allow anyone else to copy from
		17.1.2	in respect of any part of the Confidential Information of the Company, from today until
	17.2.	This pa	aragraph does not apply to disclosure:
		17.2.1	made with the consent of the proper
		17.2.2	of information or knowledge which
		17.2.3	as may be •••••••••••••••••••••••••••••••••••
18.	Exit	strate	;gy
	Optio	n 1: ■ ■	
	18.1.		ty shall assign, mortgage, charge, or otherwise encumber, 75 %
	Optio	n 2: thi:	s <i>option</i> = = = = = = = = = = = = = = = = = = =
	18.2.	A shar	reholder may dispose of all or any of his shares, to any
		••••	

Option 3: provides a concise and comprehensive procedure to ■ ■ ■ ■			
18.3.	In the event that the holders of at least 75 % of shares • • • • • • • • • • • • • • • • • • •		
18.4.	Each of the shareholders other than the Transferor shall have the right (the "Tag-Along Right")		
18.5.	Within 30 days following the delivery of Transfer Notice, each shareholder who elects to exercise		
18.6.	That election notice shall be irrevocable and shall constitute • • • • • • • • • • • • • • • • • • •		
18.7.	In order to be entitled to exercise his Tag-Along Right,		
18.8.	However, the electing shareholder shall not be obliged to accept any liability		
18.9.	Where a shareholder has properly elected to exercise his Tag-Along Right and the proposed • • • • • • • • • • • • • • • • • • •		
Optio	n 4: it provides a framework where a majority shareholder wants to		

	•••	
	18.10	In the event that the holders of at least 50 % of shares calculated on an as-converted and non-diluted basis (the "Majority Holders") accept an offer
		18.10.1 sell all of his shares, free of any encumbrance or restriction, in
		18.10.2 vote his shares in favour of that transaction; 18.10.3 take all actions (including executing documents)
		18.10.4 appoint the Majority Holders, acting jointly,
19.		nsfer of shares and right of pre-emption
		A shareholder may at any time transfer shares A shareholder may at a shareholder A shar
	<i>OR</i> 19.2.	A shareholder may freely dispose of some or all of his shares to his [spouse

19.3.		areholder wishes to dispose of all or any of his shares, [■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
	••:	
19.4.		lling shareholder (
19.5.	The Sa	le Notice must specify:
	19.5.1	the number and classes of •••••(••••••••••••••••••••••••••••••
	19.5.2	The Sale Price per share, being the price at which the
		■ ■);
	19.5.3	whether any third party has indicated a willingness to buy the
		;
	19.5.4	the identity of any such third party and (
	19.5.5	a summary of the terms of purchase put forward
19.6.	■,■■	eller asserts that the Sale Price is • • • • • • • • • • • • • • • • • •
19.7.	The Sa	lle Notice shall be
19.8.	The Sa	lle Notice shall not be revocable except with ■ ■ ■ ■ ■ ■ ■ ■

19.9. Promptly after the Sale Notice is received, the Directors shall send a copy of
19.10. A shareholder wishing to accept any or all of the shares offered to him shall give written notice of
19.11. If such notice is not received by •••••[21]••••,
19.12. A notice of acceptance shall be irrevocable and shall give rise to ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
19.13. The Sale Shares shall be sold free from all charges and with
19.14. In exchange for the Sale Price, the Seller shall deliver to each
19.15. If the Seller fails to comply with the
19.16. If in respect of all or any Sale Shares the Seller's offer lapses or is
Procedure after transfer

20.1. On or immediately **•••••••••••**

.....:

		20.1.1	immediately resign as a director of the Company
		20.1.2	immediately transfer to whoever the Company
		20.1.3	irrevocably authorise the Company to
		20.1.4	not from that time represent to anyone • • • • • • • • • • • • • • • • • • •
		20.1.5	return to the Company without request all
		20.1.6	delete all Confidential Information
		20.1.7	not contact or communicate • • • • • • • • • • • • • • • • • • •
	20.2.	complia	ils to comply with any provision of this paragraph where ance could be achieved by the signing of some document or of a second s
).
21.	Trar	nsfer d	of shares on death or incapacity
	21.1.	A PR m	nust, as soon as this • • • • • • • • • • • • • • • • • • •
	21.2.	Notice	of a Transfer Event by a PR shall be irrevocable and

21.3.	Promptly after notice of a Transfer Event has been received by the Directors,
21.4	Any such
21.4.	■:
	21.4.1 to the Company which shall have the right to accept any or all of the Transfer • • • • (• • • • • • • • • • • • • •
	21.4.2 if or to the extent that any offer made to the ■ ■ ■ ■ ■ ■ ■ ■
21.5.	A shareholder wishing to accept any or all of the shares offered to him shall give written notice of
	• • • • • [21] • • • • , • • • • • • • • • • • • • •
21.6.	A notice of acceptance shall be irrevocable and shall give rise to a legally binding and unconditional
21.7.	If neither the Company nor the shareholders accept the offer to sell the Transfer
	••••• [90 %] •••••••••••••••••••••••••••••••••••
Trar	sfer of shares on bankruptcy
22.1.	If a bankruptcy order is made against any shareholder, ■ ■ ■ ■ ■ ■ ■

:	
22.1.1	[The remaining shareholders • • • • • • • • • • • • • • • • • • •
22.1.2	The price
22.1.3	As between the remaining shareholders, each shall be ■ ■ ■
22.1.4	If any remaining shareholder does not wish to buy his proportionate number of shares,

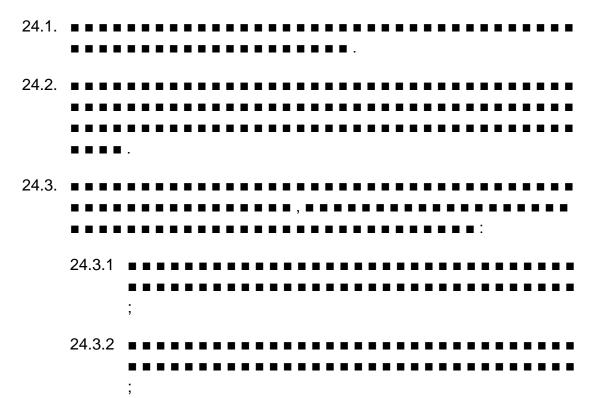
23. Restrictions on shareholder after transfer

Each shareholder agrees that:

23.1.	after the Transfer Date to continue to acknowledge the ownership ■ ■
23.2.	
22.2	
23.3.	
22.4	
23.4.	

23.6.

24. Shareholder's continuing obligations



25. Life insurance provision

	[[-
The "Life Assured"	means:
-	
"Beneficiary"	
In this paragraph:	

The "Trigger Event"						
The "Sum"						
	■ ■ .					
25.1.						

******		,				
******	■ ■ .					
25.2.						
	(:					
		•				
25.3. (• • • • • •			,			
*			•			
25.4.						
******	• • • • • • • • • • •					
25.5. The Sum shall	he navable to the F	Reneficiary				
20.0. The Gam shall	be payable to the L	ochololary.				
25.6.						
******		• • • • • • • • •				
	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • •				
Dudaliaita						
Publicity						

27.	Conflict with the Constitution
	27.1. ••••••;
	27.2.
28.	Breach of this agreement
	28.1.
	28.2.
29.	Dispute Resolution
30.	Severance and invalidity
	30.1.
	,
	••.
	30.2.



31. Miscellaneous matters

31.1.	
31.2.	
O <u>_</u> .	
31.3.	
31.4.	
	•
31.5.	•••••
24.0	
31.6.	
	It shall be deemed to have been delivered:
	;
	••• 72 ••• • • ;
	:



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

Signed by [full name], a shareholder:

Signed by [full name], a shareholder:

Schedule 1 – Intellectual Property owned by shareholder

[Provide the list of any intellectual property owned by shareholder being used by the company]

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:
• • • • • • • ;
• • • • • • ;
details of the current and forward order book;
 budget for the next [two] years;
:
OR
Please make your valuation on the following assumptions:
1.
2.

3.			
4.			, - , -
5.			,/
6.			
	6.1	depreciation,	
	6.2	salary payments to the directors,	
	6.3	other emoluments of the directors,	
7.			
		■ ■).	
8.	•••		
9.			• • • • • • • • • • • • • • • • • • • •
10.			• • • • • • • • • • • • • • • • • • • •
11.			
12.			• • • • • • • • • • • • • • • • • • • •

Yours faithfully,

Explanatory notes:

Shareholders' agreement: single majority owner retains control

General notes

1.	Although all matters relating to the management, operation and structure of a company are regulated by statute, this agreement is comparatively unregulated. It is therefore open to the parties to make whatever arrangements they wish. The starting point for this agreement should therefore be a "wish list"
2.	There are also some important preliminary decisions relating to who does what, how the whole deal terminates, and what happens when \blacksquare
3.	The document contains four preliminary points which are technically called "recitals". The main purpose of the recitals in this case is to set out the structure of the company before the agreement becomes effective. It is
	!
	We have provided two options in the background paragraph. Use ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■

Paragraph specific notes

Notes following the numbered paragraphs

4. Definitions

It is our policy to limit the number of definitions to the bare minimum. Those that we use are always very important. In this agreement however, a number of the definitions apply to one two specific paragraphs: those dealing with sales and transfers of shares. If you delete those paragraphs, then of course, the relevant items in the
We do provide long definitions occasionally, not because they are important to the meaning of the document but so that anyone signing the agreement cannot later deny

5. Interpretation

6. Relationship of parties

This is a simple statement for the avoidance of doubt. Of course other documents may indeed create the relationships mentioned. It is important however, that this document does not accidentally create other relationships. On the other hand, whilst it is important that this document is not confused with any other, there is no reason why it should not refer to other relevant documents, such as a long term purchase or sale contract with one shareholder. It may be that to become fully effective,

7. Issuance of shares

This is optional paragraph. Use it if the company is new and shares have not yet been allotted **\Barger \Barger \Barger**

8. Shareholders' details

9. 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 so on. It is therefore important to specify and list the actions to be taken to complete the agreement.

10. Company's use of money

The minimum period prescribed by law for a proxy notice $\blacksquare \blacksquare \blacksquare \blacksquare 48 \blacksquare \blacksquare \blacksquare \blacksquare$.

13. Company's obligations

11.

12.

The company and the shareholders are parties. Although the company can act only through its directors, it does have a separate legal identity. It is the company that carries the primary responsibility for the items mentioned. It may well be that the proper

14. Shareholders' obligations

This provision is intended to prevent a shareholder from acting secretly on behalf of a predator **...**

Edit as you require.

15. Dividend policy and procedure

	Payment of a dividend must also accord with ■ ■ ■ ■ ■ ■ ■ .
	We have not provided for an interim dividend because interim accounts are required in order to show that an interim dividend is justified.
	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
	The usual way to provide for an outside shareholder
	We recommend that you leave this paragraph substantially
16.	Actions requiring shareholder consent
	This paragraph is most important.
	We have only included the matters that require a special resolution with a 75% majority as a matter of law. Any
17.	Existing Intellectual Property
	When a company is first formed, it is usual, rather than exceptional, for it to use intellectual property owned by one of more of its new shareholders. That may be to exploit a *** , **** , *** , **

	As new shareholders are brought in (and this agreement is required) IP ownership is lost or ignored. At some stage, either the IP owner, or some other

This paragraph provides a route through the maze. It is entirely optional and
New intellectual property
The scope and potential value of intellectual property is very wide. It is also difficult to track. The provisions in this agreement are therefore thorough. As long as we do not know today what intellectual property
Assets introduced by a shareholder
Over time, shareholders tend to introduce assets for use in the company. It might be a picture to hang on the office wall, or an old desk, or some graphic design or software. Later, arguments
This paragraph grants a formal licence to the • • • • • • • • • • • • • • • • • • •
Confidentiality
It is for the parties to decide whether they think this provision is appropriate. This happens where software, customer lists, and designs creep ■ ■ ■ ■ ■
Exit strategy
You do not have to have an exit strategy, but we strongly
It is likely that circumstances will arise as the years pass, when one or more shareholders would
••.
This paragraph covers:

18.

19.

20.

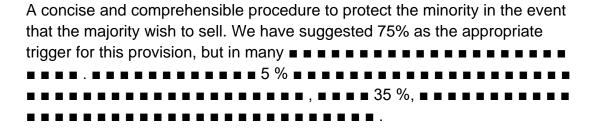
- when the company continues in operation, but one or more shareholders decides to retire or encash their investment, or go their own way, or feels forced to leave by the others.
- where the company has served its purpose: it was set up for a single venture and that venture is now complete. You will then wind up the company and distribute its assets.

We have provided three options. You may choose the option that best suits your requirement. However, you may draw a strategy of your own.

The **first option** states no transfer without consent.

The **second option** makes arrangements for the departing shareholder to be bought out by the others.

The **third option** provides a concise and comprehensive procedure to protect the minority in the event that the majority wishes to sell. This is called a "tagalong right".



The **fourth option** provides a framework where a majority shareholder wants to sell his shares and has the power to insist that the other shareholders will sell their shares as well as part of the same deal. This arrangement is known as a "drag-along right".

If any large shareholder has a buyer conditionally on that buyer being able to buy all of the shares, you would need this paragraph. Without it, the buyer would be left with minority shareholders whose rights reduced his freedom of action.

However, we have also provided that there shall be no drag-along unless the minority can take a profit. How much profit is up to you? We have also left open the basis of calculation of the profit.

22. Transfer of shares and right of pre-emption

The transfer of shares is another issue requiring careful thought and the editing of this document to suit your precise requirements. A shareholder may want "out" because the relationship with colleagues has deteriorated, or he

has difficulties in his private life, or wishes to live elsewhere,
The most common provision is for a transfer , , , , , , , , , , , , , , , , , ,
We have provided in detail for a right of pre-emption in
We advise against deleting this paragraph unless The draft
Important: A company's constitution may restrict the right of a shareholder to transfer his shares and may require him, in specified circumstances, to offer his

23.	Procedure after transfer
	The extent of these provisions is a matter of choice. If colleagues fall \blacksquare \blacksquare \blacksquare
24.	Transfer of shares on death or incapacity
	If the transfer is by operation of law, (bankruptcy • • • • • • •) • • • • •
	,
	A PR = = = = = = = = = = = = = = = = = =
	This provision is intentionally precise and thorough because
	Since most shareholders' agreements are between small numbers of shareholders it is likely that they will be able to discuss any offer made and
25.	Transfer of shares on bankruptcy
	We are sometimes asked what steps should be taken when a court order is
	made, declaring a

However, the shareholders can agree with each other as to how they buy ■ ■

26.	Restrictions on shareholder after transfer
	The carefully chosen wording of these restrictions is necessary to withstand the general proposition that an agreement "in restraint • • • • • • • • • • • • • • • • • • •
	•.
27.	Shareholder's continuing obligations
	It is almost impossible to devise a deal whereby all shareholders are treated equally because at the moment when one decides
28.	Life insurance provision
	This paragraph provides = = = = = = = = = = = = = = = = = = =
	By all • • • • • • • • • • • • • • • • • •
29.	Publicity
	We have no comment
30.	Conflict with the Constitution
	As stated • • • • , • • • • • • • • • • • • • •
31.	Breach of this agreement

	You may choose to deal with this
32.	Dispute resolution
	There are many ways to settle a dispute. But an action in court is the least desirable because it takes a long
	••••••
33.	Severance and invalidity
	This is ••••••••.
34.	Miscellaneous matters
	A number of special points. We have identified each of these as important to
Letter	r to accountant - valuers
All god	od things come to an end. The " ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■
35.	The valuation method • • • • • • • • • • • • • • • • • • •
36.	No matter what you put in the letter, or what valuation method you choose, ■
37.	Remember, you are instructing the

38.	Remember too, that there

End of notes