

## Shares buy-sell agreement: simple transaction

### Share sale agreement

Sale Shareholder 1: [name]

Sale Shareholder 2: [name]

Continuing Shareholder 1: [name]

Continuing Shareholder 2: [name]

Buyer: [name]

Date: [Date]

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General

Accounts

Cash flow

Taxation

Assets

Date: [date]

This agreement is made between:

[full name 1]  
of [full address] (a Sale Shareholder)  
[full name 2]  
of [full address] (a Sale Shareholder)  
[full name 3]  
of [full address] (a Continuing Shareholder)  
[full name 4]  
of [full address] (a Continuing Shareholder)  
[full name 5]  
of [full address] (the "Buyer")

## Background

- A. The Buyer has agreed with the Shareholders to buy the
- B. The Continuing Shareholders have agreed to join in this agreement for the

## Terms of agreement

### 1. Definitions

So far as the context permits, the following words

:

"Accountants" means the firm of [name of Accountants]  
[ ].

"Accounts" means the audited profit and loss account and  
balance sheet as at the Last Year End of

"Asset"	means fixed or moveable, tangible or intangible property, including
"Business"	means any business conducted by the Company now or likely to be
"Company"	means [name], [ ], [ ]
"Completion"	means today or
"Confidential Information"	means all information about the parties to this agreement,  :  information about staff and their personal contact information, data or information relating to product plans, , , , , , , , ;  It includes information about the Intellectual Property.
"Continuing Shareholder"	means a shareholder who does not sell
"Domain Names"	means the Internet domain names used by
"Intellectual Property"	means intellectual property of every sort, whether or not registered or registrable in any country, including intellectual property of kinds coming into existence after today; , , , ,

"Last Year End" means [date] ( ).

"Price" means \$ [15.47 ]

"Sale Shareholder" means a shareholder who

"Sale Shares" [number] ordinary shares of \$[ 1 ]

"Shares" means all the ,

"Shareholder" means every person

"Warranties" means any warranties 2 .

"Website" means the website of the Company and all data of the Company ,

" " , ,

## 2. Interpretation

In this agreement unless the context otherwise requires:

2.1. a reference to a paragraph or schedule is to

- 2.2. a reference to a person includes a
- 2.3. in connection with any benefit given by
- 2.4. a reference to a person includes reference to that person's successors, legal representatives,
- 2.5. any agreement by any party not to do or
- 2.6. [\[except where stated otherwise\]](#),
- 2.7. a reference to the knowledge, information, belief or awareness
- 2.8. a reference to an act or
- 2.9. all money sums mentioned in this agreement are calculated net of
- 2.10. this agreement is made only in the English language. If there is any conflict in meaning between the English language version of this agreement

### 3. Agreement for sale

- 3.1. Subject to this agreement, the Buyer now  
1 . 3
- 3.2. The Sale Shareholders each now agree to sell the number  
3 1
- 3.3. The Price is
- 3.4. Each of the Sale Shareholders now waives any pre-
- 3.5. Each of
- 3.6. Each Sale Shareholder will resign
- 3.7. So far as any Sale Shareholder has any power or control of any aspect

### 4. Completion and delivery of documents

- 4.1. Completion of this transaction shall take place immediately upon the signing of
- 4.2. The Sale Shareholders shall deliver to the Buyer:
- 4.2.1 signed share transfer forms ;
- 4.2.2 [If the Company still ] ;

4.2.3 the resignations of certain directors, namely [names] and the secretary of the Company, with a

4.2.4 written confirmation by each

4.2.5 a list of

*(Only if control is to be changed)*

4.2.6 the certificate of incorporation of the Company;

4.2.7 the appropriate forms to be used

4.2.8 all records relating

4.2.9 the minutes of meetings

[name] [ ]

transfer forms

the resignations of [name] [ ] [ ]

4.3. Following Completion, the Buyer shall obtain

4.4. The Sale Shareholders

4.4.1 immediately repay to the Company any



4.4.2 immediately and constantly use their best endeavours to transfer all matters relating to

## 5. Warranties applicability and limitation

5.1. Each of the

5.2. The rights and remedies of the Buyer in

5.3. The Buyer may make any agreement with one or more

5.4. The Buyer acknowledges that it has not

5.5. The Buyer undertakes to use his best endeavours to [\[operate / manage](#)  
/ / ]

5.6. If and only if any warranty cannot be generally referable to

## 6. Warranties by Shareholders

Each of the

:

6.1. (If any Sale Shareholder is ) [

];

6.2. there is no

;

6.3. the Sale Shareholders are entitled to transfer the

;

6.4. the Sale Shareholders are entitled to transfer the Sale

;

6.5. after completion of this ,

.

6.6. the information contained in all of the Warranties

[ 2 ]

, , ,

.

6.7. The Warranties

.

## 7. Restrictive agreement

7.1. So that the Buyer has the full benefit

,

:

7.1.1 for [3] years after Completion, either alone or jointly with or

,

,

.

7.1.2 at any time after Completion disclose to any person,

,

,

;

7.1.3 for [three] years after Completion either on his own account or  
for any other person directly ,

[ ] , ,

,

7.2.

7.3.

## 8. Sale Shareholders' protection

8.1.

8.2.

8.3.

8.4.

8.5.

## 9. Miscellaneous matters

9.1.

9.2.

9.3.

9.4.

9.5.

9.6.

9.7.

9.8.

*OR*

9.9.

9.10.

9.11.

9.12.

It shall be deemed to have been delivered:

;

72 ;

- : 24

.[

].

9.13.

9.14.

9.15.

9.16.

9.17. \_\_\_\_\_ ,

[ \_\_\_\_\_ ]

[ \_\_\_\_\_ ].

Signed by [personal name], a Sale Shareholder

Signed by [personal name], a Sale Shareholder

Signed by [personal name], a Continuing Shareholder

Signed by [personal name], a Continuing Shareholder

Signed by [personal name], the Buyer

## Schedule 1 - Company data and Shareholdings

Shareholder name and address	No shares owned	Number of Sale Shares
[ , : , ]		
Peter Maurice Woodward Stockland House 181 Castlereagh Street Sydney, NSW 2000	8500	500
2300	12000	8000
Ali Saeed 26 Lee Street Sydney NSW 2000	12000	12000
etc, etc]		

## Schedule 2 - The Warranties

### General

1.

2.

3.

4.

5.

6.

7.

### Accounts

8.

9.

10. The Accounts:

10.1

;



10.2

2001 ,

;

11.

:

11.1 its purchase price;

11.2 its production cost;

11.3 its net realisable value.

12.

,

,

.

13. Since the Last Year End:

13.1

;

13.2

,

;

13.3

,

.

### Cash flow

14.

,

.

15.

.

16.

.

### Taxation

17.

,

,

.

18.

.

19. [ ]

20.

21.

### **Assets**

22. All Assets used by the Company:

22.1 are in its possession and control;

22.2 ,

;

22.3

;

22.4

;

22.5 are required to operate the Business.

# Explanatory notes:

## Shares buy-sell agreement: simple transaction

### General notes

#### 1. What is the deal?

We have provided for a deal involving the purchase and sale of existing shares. The structure of your deal will be agreed only after extensive consideration of the effects in tax and control of the company.

This document covers a deal where an existing director or shareholder, or someone else already close to the company, buys

#### 2. Which shareholders will be bound?

Unlike an agreement to buy all the shares in a company, where the buyer will want fullest protection, in the circumstances of an acquisition of less than all the shares, the buyer may or may not wish to tie down

Your decision on which warranties to use and which to delete depends on how far you want to tie down the selling shareholders - or

#### 3. No disclosure letter

The device of a disclosure letter enables a buyer to dig extremely deeply. It also produces a vast amount of work for both sides. This agreement has been drawn to avoid a disclosure letter - the seller must simply sign to the warranties

#### 4. More documents?

If you are buying this document, you may also need other

- loan agreement for buyer if he is also ;
- shareholders agreement;

- new directors' service contracts.

You can buy all of these on the

## 5. Complete the agreement now

This agreement has been drawn for completion immediately "as signed". To complete the transaction, each party should sign and date and exchange copies. The agreement proves for multiple

The parties must then immediately do whatever else they have promised in order to complete the process. It is perfectly possible to complete at a later date than the agreement is signed. However, problems then arise with control of the company in the meantime and the possibility that anything may change between contract and completion. The Net Lawman recommended route is therefore for the buyer to undertake

## Paragraph Specific Notes:

Notes following the numbered paragraphs

### 1. Definitions

You will find it easiest to edit the

### 2. Interpretation

A number of provisions, each of which has application at one of more points later

### 3. Agreement for sale

This is the basic deal. Edit only

### 4. Completion and delivery of documents

We have included here only the documents whose

### 5. Warranties applicability and limitation

In other words, the buyer can do a deal or

## 6. Warranties by Shareholders

Warranties can be given by any shareholder, where a seller or a continuing shareholder.

It may be that you have been invited to buy shares by the continuing shareholders and it is therefore

"Joint and several liability" means that all the sale shareholders are jointly liable. No one of them can avoid liability to the buyer by saying he was personally not to be blamed.

To avoid this situation, the sale shareholders should prepare a simple shareholders agreement setting out exactly which of them is responsible for what areas and who pays what to whom in the event of a claim. Such an agreement cannot prejudice the buyer,

A company may sign up a deal, by the hand of its directors, but if its constitution of company prevent such a contract being made (

## 7. Restrictive agreement

These provisions are required to protect the buyer and are reasonable. Note that they do not prevent a former director from setting up in

This paragraph may not be enforceable against a sale shareholder who has hitherto had

## 8. Sale Shareholders' protection

This paragraph is most important to the sale shareholders as it caps their liability. How this is done is a matter for negotiation. This proposal is fair, subject of course to

## 9. Miscellaneous matters

A number of special points. We have identified each of these as important to protect you. Some are relevant to particular paragraphs in the document,

### No further notes on numbered paragraphs

#### Notes on Schedule 2 Warranties

Warranties: a buyer has no

" "

We have provided here a

" "

The extent and your choice of warranties will also

These warranties have been draw to

" "

A. Delete

B. Tick to accept

C. Do not delete warranties relating to matters about

D. Add new

E. Take the

For sale shareholders, warranties may be

" " " "

## Warranties: drafting notes continued

### General

These are very basic and general requirements. They are also broad,

### Accounts, Cash flow and Taxation

The buyer should take advice

The basis of valuation of the business is likely to have been the last audited annual accounts,

### Assets

Even if all accounts information is absolutely correct,

The most important answers sought here are as

!

## End of notes